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83^d CONGRESS
2^d SESSION

H. R. 7839

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1954

Mr. Wolcott introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That this Act may be cited as the "Housing Act of 1954".

4 TITLE I—FEDERAL HOUSING ADMINISTRATION

5 AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

6 SEC. 101. Section 2 (b) of the National Housing Act,
7 as amended, is hereby amended—

8 (1) by striking out clause numbered (1) and in-
9 serting the following: "(1) if the amount of such loan,
10 advance of credit, or purchase exceeds \$3,000";

1 (2) by striking out of clause numbered (2) the
2 words "three years" and inserting "five years"; and

3 (3) by striking out of the first proviso "\$10,000
4 and having a maturity not in excess of seven years" and
5 inserting "\$10,000 or \$1,500 per family unit, whichever
6 is the greater, and having a maturity not in excess of
7 ten years".

8 SEC. 102. Section 2 (f) of said Act, as amended, is
9 hereby amended by adding the following at the end thereof:
10 "The account heretofore established in connection with insur-
11 ance operations under this section and identified in the
12 accounting records of the Federal Housing Administration as
13 the Title I Claims Account shall be terminated as of June
14 30, 1954, at which time all of the remaining assets of such
15 account, together with deposits therein for the account of
16 obligors, shall be transferred to and merged with the account
17 established pursuant to this subsection. Moneys in the ac-
18 count established pursuant to this subsection not needed for
19 the current operations of the Federal Housing Administration
20 may be invested in bonds or other obligations of, or in bonds
21 or other obligations guaranteed as to principal and interest
22 by, the United States."

23 SEC. 103. Section 8 of said Act, as amended, is hereby
24 amended by striking the period at the end of subsection (a)
25 and inserting a colon and the following: "*And provided*

1 *further*, That no mortgage shall be insured under this section
2 after the effective date of the Housing Act of 1954, except
3 pursuant to a commitment to insure issued on or before such
4 date.”

5 AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

6 SEC. 104. Section 203 (b) (2) of said Act, as amended,
7 is hereby amended to read as follows:

8 “(2) Involve a principal obligation (including such
9 initial service charges, appraisal, inspection, and other fees
10 as the Commissioner shall approve) in an amount not to
11 exceed \$20,000 in the case of property upon which there is
12 located a dwelling designed principally for a one- or two-
13 family residence; or \$27,500 in the case of a three-family
14 residence; or \$35,000 in the case of a four-family residence;
15 and not to exceed an amount equal to the sum of (i) 95
16 per centum of \$8,000 of the appraised value (as of the
17 date the mortgage is accepted for insurance), and (ii) 75 per
18 centum of such value in excess of \$8,000: *Provided*, That
19 the mortgagor shall have paid on account of the property at
20 least 5 per centum (or such larger amount as the Commis-
21 sioner may determine) of the Commissioner’s estimate of the
22 cost of acquisition in cash or its equivalent: *And provided*
23 *further*, That such mortgage shall not involve a principal
24 obligation exceeding the maximum amount prescribed by
25 the provisions of this section 203 in effect prior to the effec-

1 tive date of the Housing Act of 1954, unless the President,
2 pursuant to section 201 of the Housing Act of 1954 has
3 authorized a greater maximum amount, in which event such
4 principal obligation shall not exceed such greater maximum
5 amount."

6 SEC. 105. Section 203 (b) (3) of said Act, as amended,
7 is hereby amended to read as follows:

8 " (3) Have a maturity satisfactory to the Commissioner,
9 but not to exceed, in any event, thirty years from the date
10 of the insurance of the mortgage: *Provided*, That the ma-
11 turity of any such mortgage shall not exceed the maximum
12 maturity prescribed therefor by the provisions of this sec-
13 tion 203 in effect prior to the effective date of the Housing
14 Act of 1954, unless the President, pursuant to section 201
15 of the Housing Act of 1954, has authorized a greater ma-
16 turity, in which event the maturity of such mortgage shall
17 not exceed such greater maturity."

18 SEC. 106. Section 203 (b) (5) of said Act, as amended,
19 is hereby amended to read as follows:

20 " (5) Bear interest (exclusive of premium charges for
21 insurance, and service charges if any) at not to exceed 5
22 per centum per annum on the amount of the principal obli-
23 gation outstanding at any time, or not to exceed such per
24 centum per annum not in excess of 6 per centum as the
25 Commissioner finds necessary to meet the mortgage market."

1 SEC. 107. Section 203 (c) of said Act, as amended, is
2 amended by striking out of the second sentence the word
3 "*Provided*" and inserting: "*Provided, That debentures pre-*
4 *sented in payment of premium charges shall represent obli-*
5 *gations of the particular insurance fund to which such pre-*
6 *mium charges are to be credited: *Provided further*".*

7 SEC. 108. Section 203 (d) of said Act, as amended, is
8 hereby amended by striking the period at the end thereof
9 and inserting a colon and the following: "*And provided fur-*
10 *ther, That no mortgage shall be insured pursuant to this sub-*
11 *section after the effective date of the Housing Act of 1954,*
12 *except pursuant to a commitment to insure issued on or be-*
13 *fore such date.*"

14 SEC. 109. Subsections (f) and (g) of section 203 of said
15 Act, as amended, are hereby repealed.

16 SEC. 110. Section 203 of said Act, as amended, is hereby
17 further amended by adding the following new subsection at
18 the end thereof:

19 "(h) Notwithstanding any other provision of this sec-
20 tion, the Commissioner is authorized to insure any mortgage
21 which does not involve a principal obligation in excess of
22 \$7,000 or in excess of 100 per centum of the appraised
23 value of a property upon which there is located a dwelling
24 designed principally for a single-family residence, where the
25 mortgagor is the owner and occupant and establishes (to the

1 satisfaction of the Commissioner) that his home which he
2 occupied as an owner or as a tenant was destroyed or dam-
3 aged to such an extent that reconstruction is required as a
4 result of a flood, fire, hurricane, earthquake, storm, or other
5 catastrophe which the President, pursuant to section 2 (a)
6 of the Act entitled 'An Act to authorize Federal assistance
7 to States and local governments in major disasters and for
8 other purposes' (Public Law 875, Eighty-first Congress, ap-
9 proved September 30, 1950), as amended, has determined
10 to be a major disaster."

11 SEC. 111. Section 204 (a) of said Act, as amended,
12 is hereby amended—

13 (1) by striking out of the third sentence the words
14 "any mortgage insurance premiums paid after either
15 of such dates" and inserting "any mortgage insurance
16 premiums paid after either of such dates, any tax im-
17 posed by the United States upon any deed or other
18 instrument by which said property was acquired by the
19 mortgagee and transferred or conveyed to the Commis-
20 sioner";

21 (2) by striking out of the second proviso the words
22 "or under section 213 of this Act," and inserting the fol-
23 lowing: "or under section 213 of this Act, or with re-
24 spect to any mortgage accepted for insurance under

1 section 203 on or after the date of enactment of the
2 Housing Act of 1954,"; and

3 (3) by striking the period at the end thereof and
4 inserting a colon and the following: "*And provided*
5 *further*, That notwithstanding any requirement contained
6 in this Act that debentures may be issued only upon
7 acquisition of title and possession by the mortgagee and
8 its subsequent conveyance and transfer to the Commis-
9 sioner, and for the purpose of avoiding unnecessary con-
10 veyance expense in connection with payment of
11 insurance benefits under the provisions of this Act, the
12 Commissioner is authorized, subject to such rules and
13 regulations as he may prescribe, to permit the mortgagee
14 to tender to the Commissioner a satisfactory conveyance
15 of title and transfer of possession direct from the mort-
16 gator or other appropriate grantor and to pay the
17 insurance benefits to the mortgagee which it would
18 otherwise be entitled to if such conveyance had been
19 made to the mortgagee and from the mortgagee to the
20 Commissioner."

21 SEC. 112. Section 204 (d) of said Act, as amended, is
22 hereby amended by striking out of the second sentence
23 thereof the words "three years after the 1st day of July fol-
24 lowing the maturity date of the mortgage on the property in

1 exchange for which the debentures were issued, except that
2 debentures issued with respect to mortgages insured under
3 section 213 shall mature twenty years after the date of such
4 debentures" and inserting "ten years after the date thereof".

5 SEC. 113. Section 204 of said Act, as amended, is hereby
6 amended by adding at the end thereof the following new sub-
7 section:

8 "(i) In the event that any mortgagee under a mortgage
9 insured under section 203 forecloses on the mortgaged prop-
10 erty but does not convey such property to the Commissioner
11 in accordance with this section, and the Commissioner is
12 given written notice thereof, or in the event that the mort-
13 gator pays the obligation under the mortgage in full prior to
14 the maturity thereof, and the mortgagee pays any adjusted
15 premium charge required under the provisions of section 203
16 (c), and the Commissioner is given written notice by the
17 mortgagee of the payment of such obligation, the obligation
18 to pay any subsequent premium charge for insurance shall
19 cease, and all rights of the mortgagee and the mortgagor
20 under this section shall terminate as of the date of such
21 notice."

22 SEC. 114. Section 205 of said Act, as amended, is hereby
23 amended to read as follows:

24 "SEC. 205. (a) The Commissioner shall establish as of
25 July 1, 1954, in the Mutual Mortgage Insurance Fund a

1 General Surplus Account and a Participating Reserve Ac-
2 count. All of the assets of the General Reinsurance Account
3 shall be transferred to the General Surplus Account where-
4 upon the General Reinsurance Account shall be abolished.
5 There shall be transferred from the various group accounts to
6 the Participating Reserve Account as of July 1, 1954, an
7 amount equal to the aggregate amount which would have
8 been distributed under the provisions of section 205 in effect
9 on June 30, 1954, if all outstanding mortgages in such group
10 accounts had been paid in full on said date. All of the
11 remaining balances of said group accounts shall as of said date
12 be transferred to the General Surplus Account whereupon all
13 of said group accounts shall be abolished.

14 “(b) The aggregate net income thereafter received or
15 any net loss thereafter sustained by the Mutual Mortgage
16 Insurance Fund in any semiannual period shall be credited
17 or charged to the General Surplus Account and/or the Par-
18 ticipating Reserve Account in such manner and amounts as
19 the Commissioner may determine to be in accord with sound
20 actuarial and accounting practice.

21 “(c) Upon termination of the insurance obligation of the
22 Mutual Mortgage Insurance Fund by payment of any mort-
23 gage insured thereunder, the Commissioner is authorized to
24 distribute to the mortgagor a share of the Participating
25 Reserve Account in such manner and amount as the Com-

1 missioner shall determine to be equitable and in accordance
2 with sound actuarial and accounting practice: *Provided*,
3 That, in no event, shall any such distributable share exceed
4 the aggregate scheduled annual premiums of the mortgagor
5 to the year of termination of the insurance.

6 “(d) No mortgagor or mortgagee of any mortgage in-
7 sured under section 203 shall have any vested right in a
8 credit balance in any such account or be subject to any
9 liability arising out of the mutuality of the Fund and the
10 determination of the Commissioner as to the amount to be
11 paid by him to any mortgagor shall be final and conclusive.”

12 SEC. 115. Section 207 (c) of said Act, as amended, is
13 hereby amended—

14 (1) by inserting after the first proviso in paragraph
15 numbered (2) the following: “*Provided further*, That
16 nothing contained in this section shall preclude the in-
17 surance of mortgages covering existing construction
18 located in slum or blighted areas, as defined in para-
19 graph numbered (5) of subsection (a) of this section,
20 and the Commissioner may require such repair or re-
21 habilitation work to be completed as is, in his discretion,
22 necessary to remove conditions detrimental to safety,
23 health, or morals:”;

1 (2) by striking out the word "Alaska" in para-
2 graph numbered (2) and inserting "Alaska, or in
3 Guam,"; and

4 (3) by striking out paragraph numbered (3) and
5 inserting the following:

6 “(3) not to exceed, for such part of such property
7 or project as may be attributable to dwelling use, \$2,000
8 per room (or \$7,200 per family unit if the number of
9 rooms in such property or project does not equal or ex-
10 ceed four per family unit) : *Provided*, That as to proj-
11 ects to consist of elevator type structures, the Commis-
12 sioner may, in his discretion, increase the dollar amount
13 limitation of \$2,000 per room to not to exceed \$2,400
14 per room and the dollar amount limitation of \$7,200 per
15 family unit to not to exceed \$7,500 per family unit, as the
16 case may be, to compensate for the higher costs incident
17 to the construction of elevator type structures of sound
18 standards of construction and design: *And provided*
19 *further*, That such mortgage shall not involve a prin-
20 cipal obligation exceeding the maximum amount pre-
21 scribed by the provisions of this section 207 in effect
22 prior to the effective date of the Housing Act of 1954,
23 unless the President, pursuant to section 201 of the

1 Housing Act of 1954 has authorized a greater maximum
2 amount, in which event such principal obligation shall
3 not exceed such greater maximum amount.”

4 SEC. 116. Section 207 (d) of said Act, as amended, is
5 hereby amended by inserting the words “of the Housing In-
6 surance Fund” between the words “debentures” and “is-
7 sued” in the first sentence of such section.

8 SEC. 117. Section 207 (h) of said Act, as amended, is
9 hereby amended by striking out the period at the end of the
10 first sentence and adding the following: “and a reasonable
11 amount for necessary expenses incurred by the mortgagee in
12 connection with the foreclosure proceedings, or the acquisi-
13 tion of the mortgaged property otherwise, and the convey-
14 ance thereof to the Commissioner.”

15 SEC. 118. Section 212 (a) of said Act, as amended, is
16 hereby amended, by inserting at the end thereof the follow-
17 ing new sentence: “The provisions of this section shall also
18 apply to the insurance of any mortgage under section 220
19 which covers property on which there is located a dwelling
20 or dwellings designed principally for residential use for twelve
21 or more families.”

22 SEC. 119. Section 213 (b) of said Act, as amended, is
23 hereby amended by striking clauses (1) and (2) and in-
24 serting:

25 “(1) not to exceed \$5,000,000, or not to exceed

\$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation; and

“(2) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family if the number of rooms in such property or project does not equal or exceed four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed: *Provided*, That if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$2,375 per room (or \$8,550 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit), and not to exceed 95 per centum of the estimated value of the property or project when the proposed physical improvements are completed: *Provided further*, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the afore-

1 said dollar amount limitations per room or per family
2 unit (as may be applicable to the particular case)
3 within the following limits: (i) \$2,250 per room to
4 not to exceed \$2,700; (ii) \$2,375 per room to not to
5 exceed \$2,850; (iii) \$8,100 per family unit to not to
6 exceed \$8,400; and (iv) \$8,550 per family unit to
7 not to exceed \$8,900: *Provided further*, That such
8 mortgage shall not involve a principal obligation exceed-
9 ing the maximum amount per room or per family unit
10 prescribed by the provisions of this section 213 in effect
11 prior to the effective date of the Housing Act of 1954,
12 unless the President, pursuant to section 201 of the
13 Housing Act of 1954 has authorized a greater maximum
14 amount, in which event such principal obligation shall
15 not exceed such greater maximum amount: *And pro-*
16 *vided further*, That for the purposes of this section the
17 word 'veteran' shall mean a person who has served in
18 the active military or naval service of the United States
19 at any time on or after September 16, 1940, and prior
20 to July 26, 1947, or on or after June 27, 1950, and
21 prior to such date thereafter as shall be determined by
22 the President."

23 SEC. 120. Section 213 (f) of said Act, as amended,
24 is hereby amended by striking the last sentence thereof.

1 SEC. 121. Section 217 of said Act, as amended, is
2 hereby amended to read as follows:

3 “SEC. 217. Notwithstanding limitations contained in any
4 other section of this Act on the aggregate amount of principal
5 obligations of mortgages or loans which may be insured (or
6 insured and outstanding at any one time), the aggregate
7 amount of principal obligations of all mortgages which may
8 be insured and outstanding at any one time under insurance
9 contracts or commitments to insure pursuant to any section
10 or title of this Act (except section 2) shall not exceed the
11 sum of (a) the outstanding principal balances, as of July 1,
12 1954, of all insured mortgages (as estimated by the Commis-
13 sioner based on scheduled amortization payments without
14 taking into account prepayments or delinquencies), (b) the
15 principal amount of all outstanding commitments to insure
16 on that date, and (c) \$1,500,000,000, except that with the
17 approval of the President such aggregate amount may be
18 increased by not to exceed \$500,000,000.

19 “It is the intent and purpose of this section to consoli-
20 date and merge all existing mortgage insurance authorizations
21 or existing limitations with respect to any section or title of
22 this Act (except section 2) into one general insurance
23 authorization to take the place of all existing authorizations
24 or limitations.”

1 SEC. 122. Section 219 of said Act, as amended, is
2 hereby amended by striking out the words “or the Defense
3 Housing Insurance Fund,” and inserting “the Defense Hous-
4 ing Insurance Fund, or the Section 220 Housing Insurance
5 Fund,”.

6 SEC. 123. Title II of said Act, as amended, is hereby
7 amended by adding at the end thereof the following new
8 sections:

9 “REHABILITATION AND NEIGHBORHOOD CONSERVATION
10 HOUSING INSURANCE

11 “SEC. 220. (a) The purpose of this section is to sup-
12 plement the insurance of mortgages under sections 203 and
13 207 of this title by providing a system of mortgage insurance
14 to provide financial assistance in the rehabilitation of existing
15 dwelling accommodations and the construction of new dwell-
16 ing accommodations as an aid in the elimination of blight
17 and slum conditions and in the prevention of the deteriora-
18 tion of property located in an urban renewal area (as de-
19 fined in title I of the Housing Act of 1949, as amended) in
20 a community respecting which the Housing and Home
21 Finance Administrator has made the certification to the
22 Commissioner provided for by subsection 101 (c) of the
23 Housing Act of 1949, as amended.

24 “(b) The Commissioner is authorized, upon application
25 by the mortgagee, to insure, as hereinafter provided, any

1 mortgage (including advances during construction on mort-
2 gages covering property of the character described in para-
3 graph (3) (B) of subsection (d) of this section) which is
4 eligible for insurance as hereinafter provided, and, upon
5 such terms and conditions as he may prescribe, to make
6 commitments for the insurance of such mortgages prior to the
7 date of their execution or disbursement thereon: *Provided*,
8 That the property covered by the mortgage is in an urban
9 renewal area referred to in subsection (a) of this section.

10 “(c) As used in this section, the terms ‘mortgage’,
11 ‘first mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’,
12 and ‘State’ shall have the same meaning as in section 201 of
13 this Act.

14 “(d) To be eligible for insurance under this section a
15 mortgage shall meet the following conditions:

16 “(1) The mortgaged property shall be located in a
17 delineated area (within an urban renewal area as defined in
18 title I of the Housing Act of 1949, as amended) with respect
19 to which delineated area a specific plan of rehabilitation and
20 conservation has been established to carry out the purposes
21 set forth in subsection (a) of this section: *Provided*, That, in
22 the opinion of the Commissioner (i) there exists necessary
23 authority and financial capacity to assure the completion of
24 such plan and (ii) such plan will be effective to assure com-

1 pliance with such standards and conditions as the Com-
2 missioner may prescribe to establish the acceptability of such
3 property for mortgage insurance.

4 “(2) The mortgaged property shall be held by—

5 “(A) a mortgagor approved by the Commissioner,
6 and the Commissioner may in his discretion require such
7 mortgagor to be regulated or restricted as to rents or
8 sales, charges, capital structure, rate of return and meth-
9 ods of operation, and for such purpose the Commissioner
10 may make such contracts with and acquire for not to ex-
11 ceed \$100 stock or interest in any such mortgagor as the
12 Commissioner may deem necessary to render effective
13 such restriction or regulations. Such stock or interest
14 shall be paid for out of the Section 220 Housing In-
15 surance Fund and shall be redeemed by the mortgagor
16 at par upon the termination of all obligations of the
17 Commissioner under the insurance; or

18 “(B) by Federal or State instrumentalities, muni-
19 cipal corporate instrumentalities of one or more States,
20 or limited dividend or redevelopment or housing corpora-
21 tions restricted by Federal or State laws or regulations of
22 State banking or insurance departments as to rents,
23 charges, capital structure, rate of return, or methods of
24 operation.

25 “(3) The mortgage shall involve a principal obligation

1 (including such initial service charges, appraisal, inspection
2 and other fees as the Commissioner shall approve) in an
3 amount—

4 “(A) not to exceed \$20,000 in the case of prop-
5 erty upon which there is located a dwelling designed
6 principally for a one- or two-family residence; or
7 \$27,500 in the case of a three-family residence; or
8 \$35,000 in the case of a four-family residence; or in the
9 case of a dwelling designed principally for residential
10 use for more than four families (but not exceeding such
11 additional number of family units as the Commissioner
12 may prescribe) \$35,000 plus not to exceed \$7,000 for
13 each additional family unit in excess of four located on
14 such property; and not to exceed an amount equal to the
15 sum of (i) 95 per centum of \$8,000 of the appraised
16 value (as of the date the mortgage is accepted for insur-
17 ance) and (ii) 75 per centum of such value in excess of
18 \$8,000: *Provided*, That such mortgage shall not involve
19 a principal obligation exceeding the maximum amount
20 prescribed by the provisions of section 203 in effect prior
21 to the effective date of the Housing Act of 1954, unless
22 the President, pursuant to section 201 of the Housing
23 Act of 1954 has authorized a greater maximum amount,
24 in which event such principal obligation shall not exceed
25 such greater maximum amount; or

1 “(B) (i) not to exceed \$5,000,000, or, if executed
2 by a mortgagor coming within the provisions of para-
3 graph (2) (B) of this subsection (d), not to exceed
4 \$50,000,000; and

5 “(ii) not to exceed 90 per centum of the estimated
6 value of the property or project when the proposed
7 improvements are completed (the value of the property
8 or project may include the land, the proposed physical
9 improvements, utilities within the boundaries of the
10 property or project, architect’s fees, taxes, and interest
11 during construction, and other miscellaneous charges
12 incident to construction and approved by the Commis-
13 sioner) ; and

14 “(iii) not to exceed, for such part of such property
15 or project as may be attributable to dwelling use, \$2,250
16 per room (or \$7,200 per family unit if the number of
17 rooms in such property or project does not equal or ex-
18 ceed four per family unit) : *Provided*, That as to projects
19 to consist of elevator-type structures, the Commissioner
20 may, in his discretion, increase the dollar amount limi-
21 tation of \$2,250 per room to not to exceed \$2,700 per
22 room and the dollar amount limitation of \$7,200 per
23 family unit to not to exceed \$7,500 per family unit, as
24 the case may be, to compensate for the higher costs
25 incident to the construction of elevator-type structures of

1 sound standards of construction and design: *Provided*
2 *further*, That a mortgage coming within the provisions
3 of this paragraph (3) (B) shall not involve a principal
4 obligation exceeding the maximum amount prescribed
5 by the provisions of section 207 in effect prior to the
6 effective date of the Housing Act of 1954, unless the
7 President, pursuant to section 201 of the Housing Act
8 of 1954 has authorized a greater maximum amount, in
9 which event such principal obligation shall not exceed
10 such greater maximum amount: *And provided further*,
11 That nothing contained in part (B) shall preclude the
12 insurance of mortgages covering existing multifamily
13 dwellings to be rehabilitated or reconstructed for the
14 purposes set forth in subsection (a) of this section.

15 “(4) The mortgage shall provide for complete amortiza-
16 tion by periodic payments within such terms as the Commis-
17 sioner may prescribe, but as to mortgages coming within the
18 provisions of paragraph (3) (A) of this subsection (d)
19 not to exceed the maximum maturity prescribed by the
20 provisions of section 203 in effect prior to the effective date
21 of the Housing Act of 1954, unless the President, pursuant
22 to section 201 of the Housing Act of 1954, has authorized a
23 greater maturity, in which event the maturity of such mort-
24 gage shall not exceed such greater maturity: *Provided*, That
25 such maturity shall not exceed, in any event, thirty years

1 from the date of insurance of the mortgage. The mortgage
2 shall bear interest (exclusive of premium charges for insur-
3 ance and service charge, if any) at not to exceed 5 per
4 centum per annum on the amount of the principal obligation
5 outstanding at any time, or not to exceed such per centum per
6 annum not in excess of 6 per centum as the Commissioner
7 finds necessary to meet the mortgage market; contain such
8 terms and provisions with respect to the application of the
9 mortgagor's periodic payment to amortization of the principal
10 of the mortgage, insurance, repairs, alterations, payment of
11 taxes, default reserves, delinquency charges, foreclosure pro-
12 ceedings, anticipation of maturity, additional and secondary
13 liens, and other matters as the Commissioner may in his
14 discretion prescribe.

15 “(e) The Commissioner may at any time, under such
16 terms and conditions as he may prescribe, consent to the
17 release of the mortgagor from his liability under the mortgage
18 or the credit instrument secured thereby, or consent to the
19 release of parts of the mortgaged property from the lien of
20 the mortgage.

21 “(f) The mortgagee shall be entitled to receive the
22 benefits of the insurance as hereinafter provided—

23 “(1) as to mortgages meeting the requirements of
24 paragraph (3) (A) of subsection (d) of this section,
25 as provided in section 204 (a) of this Act with respect

1 to mortgages insured under section 203; and the pro-
2 visions of subsections (b), (c), (d), (e), (f), (g),
3 and (h) of section 204 of this Act shall be applicable to
4 such mortgages insured under this section, except that
5 all references therein to the Mutual Mortgage Insurance
6 Fund or the Fund shall be construed to refer to the
7 Section 220 Housing Insurance Fund and all references
8 therein to section 203 shall be construed to refer to this
9 section; or

10 “(2) as to mortgages meeting the requirements of
11 paragraph (3) (B) of subsection (d) of this section,
12 as provided in section 207 (g) of this Act with respect
13 to mortgages insured under said section 207, and the
14 provisions of subsections (h), (i), (j), (k), and (l)
15 of section 207 of this Act shall be applicable to such
16 mortgages insured under this section, and all references
17 therein to the Housing Insurance Fund or the Housing
18 Fund shall be construed to refer to the Section 220
19 Housing Insurance Fund.

20 “(g) There is hereby created a Section 220 Housing
21 Insurance Fund which shall be used by the Commissioner
22 as a revolving fund for carrying out the provisions of this
23 section, and the Commissioner is hereby authorized to transfer
24 to such Fund the sum of \$1,000,000 from the War Housing
25 Insurance Fund established pursuant to the provisions of

1 section 602 of this Act. General expenses of operation of
2 the Federal Housing Administration under this section may
3 be charged to the Section 220 Housing Insurance Fund.

4 “Moneys in the Section 220 Housing Insurance Fund
5 not needed for the current operations of the Federal Housing
6 Administration under this section shall be deposited with the
7 Treasurer of the United States to the credit of such Fund, or
8 invested in bonds or other obligations of, or in bonds or other
9 obligations guaranteed as to principal and interest by, the
10 United States. The Commissioner may, with the approval of
11 the Secretary of the Treasury, purchase in the open market
12 debentures issued under the provisions of this section. Such
13 purchases shall be made at a price which will provide an
14 investment yield of not less than the yield obtainable from
15 other investments authorized by this section. Debentures
16 so purchased shall be canceled and not reissued.

17 “Premium charges, adjusted premium charges, and ap-
18 praisal and other fees received on account of the insurance
19 of any mortgage accepted for insurance under this section,
20 the receipts derived from the property covered by such mort-
21 gage and claims assigned to the Commissioner in con-
22 nection therewith shall be credited to the Section 220 Hous-
23 ing Insurance Fund. The principal of, and interest paid
24 and to be paid on debentures issued under this section, cash
25 adjustments, and expenses incurred in the handling, manage-

1 ment, renovation, and disposal of properties acquired under
2 this section shall be charged to such Fund.

3 “SEC. 221. (a) This section is designed to supplement
4 systems of mortgage insurance under other provisions of the
5 National Housing Act in order to assist in relocating families
6 to be displaced as the result of governmental action in a com-
7 munity respecting which the Housing and Home Finance
8 Administrator has made the certification to the Commissioner
9 provided for by subsection 101 (c) of the Housing Act of
10 1949, as amended. Mortgage insurance under this section
11 shall be available only in those localities or communities
12 which shall have requested such mortgage insurance to be
13 provided: *Provided*, That the Commissioner shall prescribe
14 such procedures as in his judgment are necessary to secure
15 to the families to be so displaced, referred to above, a pref-
16 erence or priority of opportunity to purchase or rent such
17 dwelling units: *And provided further*, That the total number
18 of dwelling units in properties covered by mortgages insured
19 under this section in any such community shall not exceed
20 the total number of such dwelling units which the Commis-
21 sioner determines to be needed for the relocation of families
22 to be so displaced and who would be eligible to obtain the
23 benefits of the insurance authorized by this section.

24 “(b) The Commissioner is authorized, upon application
25 by the mortgagee, to insure under this section as hereinafter

1 provided any mortgage which is eligible for insurance as pro-
2 vided herein and, upon such terms and conditions as the
3 Commissioner may prescribe, to make commitments for the
4 insurance of such mortgages prior to the date of their execu-
5 tion or disbursement thereon.

6 “(c) As used in this section, the terms ‘mortgage’, ‘first
7 mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’ and
8 ‘State’ shall have the same meaning as in section 201 of this
9 Act.

10 “(d) To be eligible for insurance under this section, a
11 mortgage shall—

12 “(1) have been made to and be held by a mort-
13 gagee approved by the Commissioner as responsible and
14 able to service the mortgage properly;

15 “(2) involve a principal obligation (including such
16 initial service charges, appraisal, inspection, and other
17 fees as the Commissioner shall approve) in an amount
18 not to exceed \$7,000, and not to exceed 100 per centum
19 of the appraised value (as of the date the mortgage is
20 accepted for insurance) of a property, upon which there
21 is located a dwelling designed principally for a single-
22 family residence: *Provided*, That the mortgagor shall
23 be the owner and occupant of the property at the time
24 of the insurance and shall have paid on account of the
25 property at least \$200 (which amount may include

1 amounts to cover settlement costs and initial payments
2 for taxes, hazard insurance, mortgage insurance pre-
3 mium, and other prepaid expenses) : *Provided further,*
4 That nothing contained herein shall preclude the Com-
5 missioner from issuing a commitment to insure and
6 insuring a mortgage pursuant thereto where the mort-
7 gator is not the owner and occupant and the property is
8 to be built for sale and the insured mortgage financing is
9 required to facilitate the construction of the dwelling and
10 provide financing pending the subsequent sale thereof
11 to a qualified owner-occupant, and in such instances the
12 mortgage shall not exceed 85 per centum of the ap-
13 praised value; or

14 “(3) if executed by a mortgagor which is a non-
15 profit corporation or association or other acceptable non-
16 profit organization, regulated or supervised under Fed-
17 eral or State laws or by political subdivisions of State
18 or agencies thereof, as to rents, charges, and method of
19 operation, in such form and in such manner as, in the
20 opinion of the Commissioner, will effectuate the purposes
21 of this section, the mortgage may involve a principal
22 obligation not in excess of \$5,000,000; and not in excess
23 of \$7,000 per family unit for such part of such prop-
24 erty or project as may be attributable to dwelling use,
25 and not in excess of 100 per centum of the Commis-

1 sioner's estimate of the value of the property or project
2 when repaired and rehabilitated for use as rental accom-
3 modations for ten or more families eligible for occupancy
4 as provided in this section; and

5 “(4) provide for complete amortization by periodic
6 payments within such terms as the Commissioner may
7 prescribe, but not to exceed forty years from the date
8 of insurance of the mortgage; bear interest (exclusive
9 of premium charges for insurance and service charge, if
10 any) at not to exceed 5 per centum per annum on
11 the amount of the principal obligation outstanding at
12 any time, or not to exceed such per centum per annum
13 not in excess of 6 per centum as the Commissioner finds
14 necessary to meet the mortgage market; and contain
15 such terms and provisions with respect to the applica-
16 tion of the mortgagor's periodic payment to amortiza-
17 tion of the principal of the mortgage, insurance, re-
18 pairs, alterations, payment of taxes, default reserves,
19 delinquency charges, foreclosure proceedings, anticipa-
20 tion of maturity, additional and secondary liens, and
21 other matters as the Commissioner may in his discretion
22 prescribe.

23 “(e) The Commissioner may at any time, under such
24 terms and conditions as he may prescribe, consent to the
25 release of the mortgagor from his liability under the mortgage

1 or the credit instrument secured thereby, or consent to the
2 release of parts of the mortgaged property from the lien
3 of the mortgage.

4 “(f) The property or project shall comply with such
5 standards and conditions as the Commissioner may prescribe
6 to establish the acceptability of such property for mortgage
7 insurance.

8 “(g) The mortgagee shall be entitled to receive the
9 benefits of the insurance as hereinafter provided—

10 “(1) as to mortgages meeting the requirements of
11 paragraph (2) of subsection (d) of this section, as
12 provided in section 204 (a) of this Act with respect to
13 mortgages insured under section 203; and the provisions
14 of subsections (b), (c), (d), (e), (f), (g), and (h)
15 of section 204 of this Act shall be applicable to such
16 mortgages insured under this section, except that all
17 references therein to the Mutual Mortgage Insurance
18 Fund or the Fund shall be construed to refer to the
19 Section 221 Housing Insurance Fund and all references
20 therein to section 203 shall be construed to refer to this
21 section; or

22 “(2) as to mortgages meeting the requirements of
23 paragraph (3) of subsection (d) of this section, as
24 provided in section 207 (g) of this Act with respect to
25 mortgages insured under said section 207, and the pro-

1 visions of subsections (h), (i), (j), (k), and (l) of
2 section 207 of this Act shall be applicable to such mort-
3 gages insured under this section, and all references
4 therein to the Housing Insurance Fund or the Housing
5 Fund shall be construed to refer to the Section 221
6 Housing Insurance Fund; or

7 “(3) in the event any mortgage insured under this
8 section is not in default at the expiration of twenty years
9 from the date the mortgage was endorsed for insurance,
10 the mortgagee shall, within a period thereafter to be de-
11 termined by the Commissioner, have the option to as-
12 sign, transfer, and deliver to the Commissioner the
13 original credit instrument and the mortgage securing
14 the same and receive the benefits of the insurance as
15 hereinafter provided in this paragraph, upon compliance
16 with such requirements and conditions as to the validity
17 of the mortgage as a first lien and such other matters
18 as may be prescribed by the Commissioner at the time
19 the loan is endorsed for insurance. Upon such assign-
20 ment, transfer, and delivery the obligation of the mort-
21 gagee to pay the premium charges for insurance shall
22 cease, and the Commissioner shall, subject to the cash
23 adjustment provided herein, issue to the mortgagee
24 debentures having a total face value equal to the amount
25 of the original principal obligation of the mortgage

1 which was unpaid on the date of the assignment, plus
2 accrued interest to such date. Debentures issued pur-
3 suant to this paragraph (3) shall be issued in the same
4 manner and subject to the same terms and conditions
5 as debentures issued under paragraph (1) of this sub-
6 section, except that the debentures issued pursuant to
7 this paragraph (3) shall be dated as of the date the
8 mortgage is assigned to the Commissioner, and shall
9 bear interest from such date at the going Federal rate
10 determined at the time of issuance. The term "going
11 Federal rate" as used herein means the annual rate
12 of interest which the Secretary of the Treasury shall
13 specify as applicable to the six-month period (consisting
14 of January through June or July through December)
15 which includes the issuance date of such debentures,
16 which applicable rate for each such six-month period
17 shall be determined by the Secretary of the Treasury
18 by estimating the average yield to maturity, on the
19 basis of daily closing market bid quotations or prices
20 during the month of May or the month of November, as
21 the case may be, next preceding such six-month period,
22 on all outstanding marketable obligations of the United
23 States having a maturity date of eight to twelve years
24 from the first day of such month of May or November,
25 and by adjusting such estimated average annual yield

1 to the nearest one-eighth of 1 per centum. The Com-
2 missioner shall have the same authority with respect to
3 mortgages assigned to him under this paragraph as con-
4 tained in section 207 (k) and section 207 (l) as to
5 mortgages insured by the Commissioner and assigned to
6 him under section 207 of this Act.

7 “(h) There is hereby created a Section 221 Housing
8 Insurance Fund which shall be used by the Commissioner
9 as a revolving fund for carrying out the provisions of this
10 section, and the Commissioner is hereby authorized to
11 transfer to such Fund the sum of \$1,000,000 from the War
12 Housing Insurance Fund established pursuant to the pro-
13 visions of section 602 of this Act. General expenses of op-
14 eration of the Federal Housing Administration under this
15 section may be charged to the Section 221 Housing Insurance
16 Fund.

17 “Moneys in the Section 221 Housing Insurance Fund
18 not needed for the current operations of the Federal Housing
19 Administration under this section shall be deposited with
20 the Treasurer of the United States to the credit of such fund,
21 or invested in bonds or other obligations of, or in bonds or
22 other obligations guaranteed as to principal and interest by,
23 the United States. The Commissioner may, with the ap-
24 proval of the Secretary of the Treasury, purchase in the open
25 market debentures issued under the provisions of this section.
26 Such purchases shall be made at a price which will provide

1 an investment yield of not less than the yield obtainable from
2 other investments authorized by this section. Debentures
3 so purchased shall be canceled and not reissued.

4 “Premium charges, adjusted premium charges, and ap-
5 praisal and other fees received on account of the insurance
6 of any mortgage accepted for insurance under this section,
7 the receipts derived from the property covered by such mort-
8 gage and claims assigned to the Commissioner in connection
9 therewith shall be credited to the Section 221 Housing
10 Insurance Fund. The principal of, and interest paid and to
11 be paid on debentures issued under this section, cash adjust-
12 ments, and expenses incurred in the handling, management,
13 renovation, and disposal of properties acquired under this
14 section shall be charged to such Fund.”

15 SEC. 124. Title II of said Act, as amended, is hereby
16 further amended by adding at the end thereof the following
17 new section to transfer to title II the mortgage insurance
18 program in connection with the sale of certain publicly-
19 owned property as contained in section 610 of title VI; the
20 insurance of mortgages to refinance existing loans insured
21 under section 608 of title VI and sections 903 and 908 of
22 title IX; and to authorize the insurance under title II of
23 mortgages assigned to the Commissioner under insurance
24 contracts and mortgages held by the Commissioner in con-

1 nection with the sale of property acquired under insurance
2 contracts:

3 “MISCELLANEOUS HOUSING INSURANCE

4 “SEC. 222. (a) Notwithstanding any of the provisions
5 of this title, and without regard to limitations upon eligibility
6 contained in section 203 or section 207, the Commissioner is
7 authorized, upon application by the mortgagee, to insure or
8 make commitments to insure under section 203 or section
9 207 of this title any mortgage—

10 (1) executed in connection with the sale by the
11 Government, or any agency or official thereof, of any
12 housing acquired or constructed under Public Law 849,
13 Seventy-sixth Congress, as amended; Public Law 781,
14 Seventy-sixth Congress, as amended; or Public Laws 9,
15 73, or 353, Seventy-seventh Congress, as amended (in-
16 cluding any property acquired, held, or constructed in
17 connection with such housing or to serve the inhabitants
18 thereof) ; or

19 (2) executed in connection with the sale by the
20 Public Housing Administration, or by any public hous-
21 ing agency with the approval of the said Administration,
22 of any housing (including any property acquired, held, or
23 constructed in connection with such housing or to serve

1 the inhabitants thereof) owned or financially assisted
2 pursuant to the provisions of Public Law 671, Seventy-
3 sixth Congress; or

4 (3) executed in connection with the sale by the
5 Government, or any agency or official thereof, of any of
6 the so-called Greenbelt towns, or parts thereof, including
7 projects, or parts thereof, known as Greenhills, Ohio;
8 Greenbelt, Maryland; and Greendale, Wisconsin, devel-
9 oped under the Emergency Relief Appropriation Act of
10 1935, or of any of the village properties under the juris-
11 diction of the Tennessee Valley Authority; or

12 (4) executed in connection with the sale by a State
13 or municipality, or an agency, instrumentality, or politi-
14 cal subdivision of either, of a project consisting of any
15 permanent housing (including any property acquired,
16 held, or constructed in connection therewith or to serve
17 the inhabitants thereof), constructed by or on behalf of
18 such State, municipality, agency, instrumentality, or
19 political subdivision, for the occupancy of veterans of
20 World War II, or Korean veterans, their families, and
21 others; or

22 (5) executed in connection with the first resale,
23 within two years from the date of its acquisition from the

1 Government, of any portion of a project or property of
2 the character described in paragraphs (1), (2), and
3 (3) above; or

4 (6) given to refinance an existing mortgage in-
5 sured under section 608 of title VI prior to the effective
6 date of the Housing Act of 1954 or under section 903
7 or section 908 of title IX: *Provided*, That the principal
8 amount of any such refinancing mortgage shall not ex-
9 ceed the original principal amount or the unexpired
10 term of such existing mortgage and shall bear interest
11 at a rate not in excess of the maximum rate applicable
12 to loans insured under section 203 or section 207, as the
13 case may be, except that in any case involving the re-
14 financing of a loan insured under section 608 or 908 in
15 which the Commissioner determines that the insurance
16 of a mortgage for an additional term will inure to the
17 benefit of the applicable insurance fund, taking into con-
18 sideration the outstanding insurance liability under the
19 existing insured mortgage, such refinancing mortgage
20 may have a term not more than twelve years in excess
21 of the unexpired term of such existing insured mortgage:
22 *Provided*, That a mortgage of the character described
23 in paragraph (1), (2), (3), (4), or (5) shall have
24 a maturity satisfactory to the Commissioner, but not to

1 exceed the maximum term applicable to loans insured
2 under section 203 or section 207, as the case may be,
3 and shall involve a principal obligation (including such
4 initial service charges, appraisal, inspection, and other
5 fees as the Commissioner shall approve) in an amount
6 not exceeding 90 per centum of the appraised value of
7 the mortgaged property, as determined by the Commis-
8 sioner, and bear interest (exclusive of premium charges
9 and service charges, if any) at not to exceed the maxi-
10 mum rate applicable to loans insured under section 203
11 or section 207, as the case may be.

12 “(b) The Commissioner shall also have authority to
13 insure under this title any mortgage assigned to him in con-
14 nection with payment under a contract of mortgage insurance
15 or executed in connection with the sale by him of any prop-
16 erty acquired under title I, title II, title VI, title VIII, or
17 title IX without regard to any limitation upon eligibility
18 contained in this title II.”

19 SEC. 125. Title II of said Act, as amended, is hereby
20 amended by adding at the end thereof the following new
21 sections:

22 “INTEREST RATES AND MORTGAGE TERMS

23 “SEC. 223. The Commissioner shall make such rules and
24 regulations in connection with his functions under this Act

1 as may be necessary to carry out limitations relating thereto
2 established by the President pursuant to the authority vested
3 in him by section 201 of the Housing Act of 1954.

4 "OPEN-END MORTGAGES

5 "SEC. 224. Notwithstanding any other provisions of
6 this Act, in connection with any mortgage insured pursuant
7 to any section of this Act which covers a property upon
8 which there is located a dwelling designed principally for
9 residential use for not more than four families in the aggre-
10 gate, the Commissioner is authorized, upon such terms and
11 conditions as he may prescribe, to insure under said section
12 the amount of any advance for the improvement or repair
13 of such property made to the mortgagor pursuant to an 'open-
14 end' provision in the mortgage, and to add the amount of such
15 advance to the original principal obligation in determining
16 the value of the mortgage for the purpose of computing the
17 amounts of debentures and certificate of claim to which the
18 mortgagee may be entitled: *Provided*, That the Commis-
19 sioner may require the payment of such charges, including
20 charges in lieu of insurance premiums, as he may consider
21 appropriate for the insurance of such 'open-end' advances:
22 *And provided further*, That the insurance of 'open-end'
23 advances shall not be taken into account in determining the
24 aggregate amount of principal obligations of mortgages which
25 may be insured under this Act."

ADDITIONAL AMENDMENTS RELATING TO FEDERAL HOUSING

ADMINISTRATION

SEC. 126. Title VI of said Act, as amended, is hereby amended by adding the following new section at the end thereof:

“SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date.”

SEC. 127. Title VII of said Act, as amended, is hereby repealed. The Housing Investment Insurance Fund established to carry out the purposes of said title shall be terminated as of the effective date of the Housing Act of 1954, at which time all of the remaining assets of such Fund, shall be transferred to the National Defense Housing Insurance Fund. The amount remaining of funds appropriated to the Secretary of the Treasury by the Supplemental Appropriation Act, 1949 (Public Law 904, Eightieth Congress), to be made available to the said Housing Investment Insurance Fund shall be carried to the surplus fund of the Treasury.

SEC. 128. Section 803 (a) of said Act, as amended, is amended by striking out "July 1, 1954" and substituting therefor "June 30, 1955".

SEC. 129. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended by striking out the material within the parentheses in clause (a) and substituting therefor "except pursuant to a commitment to insure issued on or before such date".

7 TITLE II—HOME MORTGAGE INTEREST RATES
8 AND TERMS

9 SEC. 201. On the basis of reviews, which shall be made
10 from time to time at the request of the President by officers
11 of the Federal Government designated by him, of conditions
12 affecting the mortgage investment market (including current
13 market yields on comparable investments such as long-term
14 obligations of the United States and of States and munici-
15 palities and long-term corporate bonds), and after taking
16 into consideration conditions in the building industry and the
17 national economy, the President is hereby authorized, with-
18 out regard to any other provision of law except provisions
19 hereafter enacted expressly in limitation hereof, to estab-
20 lish from time to time—

(1) the maximum rates of interest (exclusive of premium charges for insurance and service charges, if any) for various classifications of residential mortgage loans insured or guaranteed or made under the National Housing Act, as amended, or the Servicemen's Read-

1 justment Act of 1944, as amended: *Provided*, That no
2 such maximum rate of interest shall, at the time estab-
3 lished by the President, exceed $2\frac{1}{2}$ per centum plus the
4 annual rate of interest determined by the Secretary of
5 the Treasury, at the request of the President, by esti-
6 mating the average yield to maturity, on the basis of
7 daily closing market bid quotations or prices during the
8 calendar month next preceding the establishment of such
9 maximum rate of interest, on all outstanding marketable
10 obligations of the United States having a maturity date
11 of fifteen years or more from the first day of such next
12 preceding month, and by adjusting such estimated aver-
13 age annual yield to the nearest one-eighth of 1 per
14 centum;

15 (2) the maximum financing charges for various
16 classifications of loans as to which financial institutions
17 are insured against losses under title I of the National
18 Housing Act, as amended;

19 (3) the rate of interest for debentures issued under
20 the National Housing Act, as amended, in connection
21 with defaults upon mortgages insured thereunder: *Pro-*
22 *vided*, That no such rate shall, at the time established by
23 the President, exceed the annual rate of interest deter-
24 mined by the Secretary of the Treasury in the manner
25 set forth in numbered clause (1) of this section;

1 (4) the maximum fees and charges permitted to
2 cover the costs of the origination of, including the costs
3 of supervision of non-Government assisted construction
4 loan disbursements in connection with, residential mort-
5 gage loans insured or guaranteed under the National
6 Housing Act, as amended, or the Servicemen's Read-
7 justment Act of 1944, as amended, and the maximum
8 special service charges, if any, permitted in connection
9 with those mortgages insured under section 203 of said
10 National Housing Act for which such special service
11 charges may be found to be appropriate by the Presi-
12 dent on the basis of the low original principal amounts of
13 the mortgages or on the basis of other factors impeding
14 an adequate flow of credit for the type of housing in-
15 volved and in connection with mortgages insured under
16 sections 220 or 221 of the National Housing Act, as
17 amended; and

18 (5) the maximum ratios of loan to value and the
19 maximum maturities with respect to residential mort-
20 gage loans eligible for assistance under the National
21 Housing Act, as amended, or the Servicemen's Read-
22 justment Act of 1944, as amended, and the maximum
23 dollar amount limitation per room or per family unit
24 with respect to such mortgage loans eligible for assistance
25 under the National Housing Act, as amended: *Provided,*

1 That no such maximum ratio of loan to value and no
2 such maximum dollar amount limitation in the case of
3 mortgages insured under the National Housing Act,
4 as amended, shall be in excess of the applicable maximum
5 ratio of loan to value or the applicable maximum dollar
6 amount limitation per room or per family unit pre-
7 scribed by that Act, and no such maximum maturity
8 shall be in excess of the applicable maximum maturity
9 prescribed by the National Housing Act, as amended,
10 or the Servicemen's Readjustment Act of 1944, as
11 amended: *And provided further*, That no action by the
12 President pursuant to this section shall apply with re-
13 spect to loans made, or loans with respect to which a
14 contract of insurance or guaranty or a firm commitment
15 to insure or guarantee has been entered into, under the
16 National Housing Act, as amended, or the Servicemen's
17 Readjustment Act of 1944, as amended, prior to such
18 action.

19 SEC. 202. The Servicemen's Readjustment Act of 1944,
20 as amended, is hereby amended by adding the following new
21 section at the end of title III:

22 "SEC. 515. With respect to mortgage loans for the pur-
23 chase or construction of residential property (not including
24 farm homes) guaranteed, insured, or made pursuant to this
25 title, the Administrator shall make such rules and regulations

1 concerning (1) maximum rates of interest for such residen-
2 tial mortgage loans, (2) maximum ratios of loan to value
3 and maximum maturities with respect to such residential
4 mortgage loans, and (3) maximum fees and charges per-
5 mitted to cover the costs of the origination of, and of the
6 supervision of construction loan disbursements in connection
7 with, such residential mortgage loans as may be necessary
8 to carry out limitations relating thereto established by the
9 President pursuant to the authority vested in him by section
10 201 of the Housing Act of 1954.”

11 SEC. 203. Section 504 of the Housing Act of 1950, as
12 amended, is hereby repealed.

13 TITLE III—FEDERAL NATIONAL MORTGAGE
14 ASSOCIATION

15 SEC. 301. Title III of the National Housing Act, as
16 amended, is hereby amended to read as follows:

17 “TITLE III—FEDERAL NATIONAL MORTGAGE
18 ASSOCIATION

19 “PURPOSES

20 “SEC. 301. The Congress hereby declares that the pur-
21 poses of this title are to establish in the Federal Government
22 a secondary market facility for home mortgages, to provide
23 that the operations of such facility shall be financed by

1 private capital to the maximum extent feasible, and to
2 authorize such facility to—

3 “(a) provide supplementary assistance to the sec-
4 ondary market for home mortgages by providing a
5 degree of liquidity for mortgage investments, thereby
6 improving the distribution of investment capital avail-
7 able for home mortgage financing;

8 “(b) provide special assistance (when, and to the
9 extent that, the President has determined that it is in
10 the public interest) for the financing of (1) selected
11 types of home mortgages (pending the establishment of
12 their marketability) originated under special housing
13 programs designed to provide housing of acceptable
14 standards at full economic costs for segments of the
15 national population which are unable to obtain adequate
16 housing under established home financing programs, and
17 (2) home mortgages generally as a means of retarding
18 or stopping a decline in mortgage lending and home
19 building activities which threatens materially the sta-
20 bility of a high level national economy; and

21 “(c) manage and liquidate the existing mortgage
22 portfolio of the Federal National Mortgage Association
23 in an orderly manner, with a minimum of adverse effect

1 upon the home mortgage market and minimum loss to
2 the Federal Government.

3 “CREATION OF ASSOCIATION

4 “SEC. 302. (a) There is hereby created a body corpo-
5 rate to be known as the ‘Federal National Mortgage Asso-
6 ciation’ (hereinafter referred to as the ‘Association’), which
7 shall be a constituent agency of the Housing and Home
8 Finance Agency. The Association shall have succession
9 until dissolved by Act of Congress. It shall maintain its
10 principal office in the District of Columbia and shall be
11 deemed, for purposes of venue in civil actions, to be a resi-
12 dent thereof. Agencies or offices may be established by the
13 Association in such other place or places as it may deem nec-
14 essary or appropriate in the conduct of its business.

15 “(b) For the purposes set forth in section 301 and
16 subject to the limitations and restrictions of this title, the
17 Association is authorized to make commitments to purchase
18 and to purchase, service, or sell, any residential or home
19 mortgages (or participations therein) which are insured
20 under this Act, as amended, or which are insured or guar-
21 anteed under the Servicemen’s Readjustment Act of 1944,
22 as amended: *Provided*, That (1) no mortgage may be pur-
23 chased at a price exceeding 100 per centum of the unpaid
24 principal amount thereof at the time of purchase, with ad-
25 justments for interest and any comparable items; and (2)

1 the Association may not purchase any mortgage if (i) it is
2 offered by, or covers property held by, a Federal, State,
3 territorial, or municipal instrumentality or (ii) the original
4 principal obligation thereof exceeds or exceeded \$12,500
5 for each family residence or dwelling unit covered by the
6 mortgage.

7 "CAPITALIZATION

8 "SEC. 303. (a) The Association shall have nonvoting
9 capital stock, to which the Secretary of the Treasury initially
10 shall subscribe as provided in subsections (d) and (e) of
11 this section. The stock of the Association shall have a par
12 value of \$100 per share, and shall not be transferable ex-
13 cept on the books of the Association. At the option of the
14 Association such stock shall be retireable at par value at any
15 time, except that retirements of stock (other than stock
16 held by the Secretary of the Treasury) shall not be made if,
17 as a consequence thereof, the amount remaining outstand-
18 ing would be less than \$100,000,000. With respect to such
19 stock held by him, the Secretary of the Treasury shall be
20 entitled to cumulative dividends for each fiscal year until
21 such stock is retired, at rates determined by him at the be-
22 ginning of each such fiscal year, taking into consideration the
23 current average interest rate on outstanding marketable
24 obligations of the United States as of the last day of the
25 preceding fiscal year. The Secretary of the Treasury shall

1 permit the retirement of the stock held by him in the manner
2 provided in this section. Funds of the capital surplus and
3 the general surplus accounts of the Association shall be
4 available to retire the capital stock held by the Secretary
5 of the Treasury as rapidly as the Association shall deem
6 feasible.

7 “(b) The Association shall accumulate funds for its
8 capital surplus account from private sources by requiring
9 each mortgage seller to make payments of nonrefundable
10 capital contributions equal to not less than 3 per centum of
11 the unpaid principal amount of mortgages therein involved
12 in purchases or contracts for purchases between such seller
13 and the Association, or such greater percentage as may from
14 time to time be determined by the Association. In addition,
15 the Association may impose charges or fees for its services
16 with the objective that all costs and expenses of its operations
17 should be within its income derived from such operations
18 and that such operations should be fully self-supporting.
19 All earnings from the operations of the Association shall
20 annually be transferred to its general surplus account. At
21 any time, funds of the general surplus account may, in the
22 discretion of the board of directors, be transferred to reserves.
23 All dividends shall be charged against the general surplus
24 account. This subsection (b) shall not apply to the special
25 assistance functions of the Association under section 305 of

1 this title or to the management and liquidating functions of
2 the Association under section 306 of this title.

3 “(c) Until such time as all of the stock held by the Sec-
4 retary of the Treasury has been retired, the Association shall
5 issue, from time to time, to each mortgage seller its converti-
6 ble certificates (only in denominations of \$100 or multiples
7 thereof) evidencing any capital contributions made by such
8 seller pursuant to subsection (b) of this section, which
9 certificates shall not be transferable except on the books of
10 the Association. Subject to such terms and conditions as
11 may be prescribed by the board of directors, such certificates
12 shall be convertible into capital stock of the Association hav-
13 ing an equal par value, but no such conversion shall be per-
14 mitted or made until such time as all of the outstanding capi-
15 tal stock of the Association held by the Secretary of the
16 Treasury has been retired and the Secretary of the Treasury
17 does not hold any of the obligations of the Association pur-
18 chased under section 304 (c) of this title. After all of the
19 stock held by the Secretary of the Treasury has been retired,
20 the Association may effect the direct issuance of stock in lieu
21 of and in the same manner as is provided in this subsection
22 for the issuance of convertible certificates. Such dividends
23 as may be declared by the board of directors in its discretion
24 shall be paid by the Association to its stockholders, but in any

1 one fiscal year the general surplus account of the Association
2 shall not be reduced through the payment of dividends (other
3 than to the Secretary of the Treasury) which exceed in the
4 aggregate 5 per centum of the par value of the outstanding
5 stock of the Association.

6 “(d) Within sixty days following the effective date of
7 the Housing Act of 1954, as of the day following a cutoff
8 date to be determined by the Association, the Association is
9 authorized and directed to issue and deliver to the Secretary
10 of the Treasury, and the Secretary of the Treasury is au-
11 thorized and directed to accept capital stock of the Associa-
12 tion having an aggregate par value equal to the sum of (1)
13 the amount of \$21,000,000 (being the amount of the origi-
14 nal subscription for capital stock of \$20,000,000 and paid-in
15 surplus of \$1,000,000 of the Association) and (2) an
16 amount equal to the Association's surplus, surplus reserves,
17 and undistributed earnings, computed as of the close of the
18 cutoff date.

19 “(e) The capital stock of the Association delivered to
20 the Secretary of the Treasury pursuant to subsection (d) of
21 this section shall be in exchange for (1) the note or notes
22 evidencing the aforesaid original \$21,000,000 (upon which
23 the accrued interest shall have been paid through the cutoff
24 date referred to in subsection (d) of this section), and (2)
25 the release to the Association of any and all rights or claims

1 which the United States might otherwise have or claim in
2 and to the Association's capital, surplus, surplus reserves, and
3 undistributed earnings, computed as of the close of the afore-
4 said cutoff date.

5 “(f) Notwithstanding any other provision of law, any
6 institution, including a national bank or State member bank
7 of the Federal Reserve System, trust company, or other bank-
8 ing organization, organized under any law of the United
9 States, including the laws relating to the District of Columbia,
10 shall be authorized to make payments to the Association of the
11 nonrefundable capital contributions referred to in subsection
12 (b) of this section, to receive stock or convertible certificates
13 of the Association evidencing such capital contributions, and
14 to hold or dispose of such stock or certificates, subject to the
15 provisions of this title.

16 “(g) As promptly as practicable after all of the capital
17 stock of the Association held by the Secretary of the Treasury
18 has been retired, the Housing and Home Finance Adminis-
19 trator shall transmit to the President for submission to the
20 Congress recommendations for such legislation as may be
21 necessary or desirable to make appropriate provisions to
22 transfer to the owners of the outstanding capital stock of the
23 Association the assets and liabilities of the Association in con-
24 nection with, and the control and management of, the second-
25 ary market operations of the Association under section 304

1 of this title in order that such operations may thereafter be
2 carried out by a privately owned and privately financed
3 corporation.

4 "SECONDARY MARKET OPERATIONS

5 "SEC. 304. (a) To carry out the purposes set forth in
6 paragraph (a) of section 301, the operations of the Asso-
7 ciation under this section shall be confined, so far as prac-
8 ticable, to mortgages which are deemed by the Association
9 to be of such quality, type, and class as to meet, generally,
10 the purchase standards imposed by private institutional mort-
11 gage investors. In the interest of assuring sound operation,
12 the prices to be paid by the Association for mortgages pur-
13 chased in its secondary market operations under this section,
14 should be established, from time to time, at or below the mar-
15 ket price for the particular class of mortgages involved, as
16 determined by the Association. The volume of the Asso-
17 ciation's purchases and sales, and the establishment of the
18 purchase prices, sale prices, and charges or fees, in its sec-
19 ondary market operations under this section, should be deter-
20 mined by the Association from time to time, and such de-
21 terminations should be consistent with the objectives that
22 such purchases and sales should be effected only at such
23 prices and on such terms as will reasonably prevent excessive
24 use of the Association's facilities, and that the operations of
25 the Association under this section should be within its in-

1 come derived from such operations and that such operations
2 should be fully self-supporting.

3 “(b) For the purposes of this section, the Association
4 is authorized to issue, upon the approval of the Secretary of
5 the Treasury, and have outstanding at any one time obliga-
6 tions in an aggregate amount sufficient to enable it to carry
7 out its functions under this section, such obligations to have
8 such maturities and to bear such rate or rates of interest as
9 may be determined by the Association with the approval of
10 the Secretary of the Treasury, and to be redeemable at the
11 option of the Association before maturity in such manner
12 as may be stipulated in such obligations; but the aggregate
13 amount of obligations of the Association under this sub-
14 section outstanding at any one time shall not exceed ten times
15 the sum of its capital, capital surplus, general surplus, re-
16 serves, and undistributed earnings, and in no event shall any
17 such obligations be issued if, at the time of such proposed
18 issuance, and as a consequence thereof, the resulting aggre-
19 gate amount of its outstanding obligations under this sub-
20 section would exceed the amount of the Association’s owner-
21 ship pursuant to this section, free from any liens or encum-
22 brances, of cash, mortgages, and bonds or other obligations
23 of, or bonds or other obligations guaranteed as to principal
24 and interest by, the United States. The Association shall
25 insert appropriate language in all of its obligations issued

1 under this subsection clearly indicating that such obligations,
2 together with the interest thereon, are not guaranteed by
3 the United States and do not constitute a debt or obligation
4 of the United States or of any agency or instrumentality
5 thereof other than the Association. The Association is
6 authorized to purchase in the open market any of its obli-
7 gations outstanding under this subsection at any time and
8 at any price.

9 “(c) The Secretary of the Treasury is authorized in
10 his discretion to purchase any obligations issued pursuant
11 to subsection (b) of this section, as now or hereafter in force,
12 and for such purpose the Secretary of the Treasury is au-
13 thorized to use as a public debt transaction the proceeds of
14 the sale of any securities hereafter issued under the Second
15 Liberty Bond Act, as now or hereafter in force, and the pur-
16 poses for which securities may be issued under the Second
17 Liberty Bond Act, as now or hereafter in force, are ex-
18 tended to include such purchases. The Secretary of the
19 Treasury shall not at any time purchase any obligations
20 under this subsection if (1) all of the capital stock of the
21 Association held by the Secretary of the Treasury has been
22 retired, or (2) such purchase would increase the aggregate
23 principal amount of his then outstanding holdings of such
24 obligations under this subsection to an amount greater than
25 \$500,000,000 plus an amount equal to the total of such

1 reductions in the maximum dollar amount prescribed by
2 section 306 (c) as have theretofore been effected pursuant
3 to that section: *Provided*, That such aggregate principal
4 amount under this subsection (c) shall in no event exceed
5 \$1,000,000,000. Each purchase of obligations by the Sec-
6 retary of the Treasury under this subsection shall be upon
7 such terms and conditions as to yield a return at a rate
8 determined by the Secretary of the Treasury, taking into
9 consideration the current average rate on outstanding market-
10 able obligations of the United States as of the last day of
11 the month preceding the making of such purchase. The Sec-
12 retary of the Treasury may, at any time, sell, upon such
13 terms and conditions and at such price or prices as he shall
14 determine, any of the obligations acquired by him under
15 this subsection. All redemptions, purchases, and sales by
16 the Secretary of the Treasury of such obligations under this
17 subsection shall be treated as public debt transactions of the
18 United States.

19 “(d) The Association may not purchase participations
20 or make any advance contracts or commitments to purchase
21 mortgages for its operations under this section, except that
22 the Association may, in the discretion of its board of directors,
23 issue a purchase contract (which shall not be assignable or
24 transferable except with the consent of the Association) in
25 an amount not exceeding the amount of the sale of mortgages

1 purchased from the Association, entitling the holder thereof
2 to sell to the Association mortgages in the amount of the
3 contract, upon such terms and conditions as the Association
4 may prescribe.

5 "SPECIAL ASSISTANCE FUNCTIONS

6 "SEC. 305. (a) To carry out the purposes set forth in
7 paragraph (b) of section 301, the President, after taking
8 into account (1) the conditions in the building industry and
9 the national economy and (2) conditions affecting the home
10 mortgage investment market, generally, or affecting various
11 types or classifications of home mortgages, or both, and
12 after determining that such action is in the public interest,
13 may under this section authorize the Association, for such
14 period of time and to such extent as he shall prescribe, to
15 exercise its powers to make commitments to purchase and
16 to purchase such types, classes, or categories of home mort-
17 gages (including participations therein) as he shall
18 determine.

19 "(b) The operations of the Association under this sec-
20 tion shall be confined, so far as practicable, to mortgages
21 (including participations) which are deemed by the Asso-
22 ciation to be of such quality as to meet, substantially and
23 generally, the purchase standards imposed by private insti-
24 tutional mortgage investors but which, at the time of sub-
25 mission of the mortgages to the Association for purchase, are

1 not necessarily readily acceptable to such investors. Sub-
2 ject to the provisions of this section, the prices to be paid
3 by the Association for mortgages purchased in its opera-
4 tions under this section shall be established from time to
5 time by the Association. The Association shall impose
6 charges or fees for its services under this section with the
7 objective that all costs and expenses of its operations under
8 this section should be within its income derived from such
9 operations and that such operations should be fully self-
10 supporting.

11 “(c) The total amount of purchases and commitments
12 authorized by the President pursuant to subsection (a) of
13 this section shall not exceed \$200,000,000 outstanding at
14 any one time: *Provided*, That, notwithstanding such limi-
15 tation, the President pursuant to subsection (a) of this
16 section may also authorize the Association to exercise its
17 powers to enter into commitments to purchase immediate
18 participations and to make related deferred participation
19 agreements as hereinafter in this subsection provided, but
20 only to the extent that the total amount of such immediate
21 participation commitments and purchases pursuant thereto
22 (but not including the amount of any related deferred par-
23 ticipation agreements or purchases pursuant thereto) shall
24 not in any event exceed \$100,000,000 outstanding at any
25 one time, and any such deferred participation agreements

1 shall be made by the Association only on the basis of a
2 commitment by it to purchase an immediate participation
3 of a 20 per centum undivided interest in each mortgage and
4 a related deferred participation agreement by the Asso-
5 ciation to purchase the remaining outstanding interest in
6 such mortgage conditional upon the occurrence of such a
7 default as gives rise to the right to foreclose.

8 “(d) The Association may issue to the Secretary of
9 the Treasury its obligations in an amount outstanding at any
10 one time sufficient to enable the Association to carry out
11 its functions under this section, such obligations to mature
12 not more than five years from their respective dates of issue,
13 to be redeemable at the option of the Association before
14 maturity in such manner as may be stipulated in such obliga-
15 tions. Each such obligation shall bear interest at a rate
16 determined by the Secretary of the Treasury, taking into
17 consideration the current average rate on outstanding mar-
18 ketable obligations of the United States as of the last day
19 of the month preceding the issuance of the obligation of the
20 Association. The Secretary of the Treasury is authorized to
21 purchase any obligations of the Association to be issued under
22 this section, and for such purpose the Secretary of the Treas-
23 ury is authorized to use as a public debt transaction the
24 proceeds from the sale of any securities issued under the
25 Second Liberty Bond Act, as now or hereafter in force, and

1 the purposes for which securities may be issued under the
2 Second Liberty Bond Act, as now or hereafter in force, are
3 extended to include any purchases of the Association's
4 obligations hereunder.

5 "MANAGEMENT AND LIQUIDATING FUNCTIONS

6 "SEC. 306. (a) To carry out the purposes set forth in
7 paragraph (c) of section 301, the Association is authorized
8 and directed, as of the close of the cutoff date determined
9 by the Association pursuant to section 303 (d) of this title,
10 to establish separate accountability for all of its assets and
11 liabilities (exclusive of capital, surplus, surplus reserves, and
12 undistributed earnings to be evidenced by capital stock as
13 provided in section 303 (d) hereof, but inclusive of all rights
14 and obligations under any outstanding contracts), and to
15 maintain such separate accountability for the management
16 and orderly liquidation of such assets and liabilities as pro-
17 vided in this section.

18 "(b) For the purposes of this section and to assure that,
19 to the maximum extent, and as rapidly as possible, private
20 financing will be substituted for Treasury borrowings other-
21 wise required to carry mortgages held under the aforesaid
22 separate accountability, the Association is authorized to issue,
23 upon the approval of the Secretary of the Treasury, and have
24 outstanding at any one time obligations in an aggregate
25 amount sufficient to enable it to carry out its functions under

1 this section, such obligations to have such maturities and to
2 bear such rate or rates of interest as may be determined by
3 the Association with the approval of the Secretary of the
4 Treasury, and to be redeemable at the option of the Associa-
5 tion before maturity in such manner as may be stipulated in
6 such obligations; but in no event shall any such obligations be
7 issued if, at the time of such proposed issuance, and as a
8 consequence thereof, the resulting aggregate amount of its
9 outstanding obligations under this subsection would exceed
10 the amount of the Association's ownership under the
11 aforesaid separate accountability, free from any liens or
12 encumbrances, of cash, mortgages, and bonds or other
13 obligations of, or bonds or other obligations guaranteed
14 as to principal and interest by, the United States. The pro-
15 ceeds of any private financing effected under this subsection
16 shall be paid to the Secretary of the Treasury in reduction of
17 the indebtedness of the Association to the Secretary of the
18 Treasury under the aforesaid separate accountability. The
19 Association shall insert appropriate language in all of its
20 obligations issued under this subsection clearly indicating
21 that such obligations, together with the interest thereon, are
22 not guaranteed by the United States and do not constitute a
23 debt or obligation of the United States or of any agency or
24 instrumentality thereof other than the Association. The
25 Association is authorized to purchase in the open market any

1 of its obligations outstanding under this subsection at any
2 time and at any price.

3 “(c) No mortgage shall be purchased by the Associa-
4 tion in its operations under this section except pursuant
5 to and in accordance with the terms of a contract or commit-
6 ment to purchase the same made prior to the cutoff date
7 provided for in section 303 (d), which contract or commit-
8 ment became a part of the aforesaid separate accountability,
9 and the total amount of mortgages and commitments held by
10 the Association under this section shall not, in any event,
11 exceed \$3,350,000,000: *Provided*, That such maximum
12 amount shall be progressively reduced by the amount of
13 cash realizations on account of principal of mortgages held
14 under the aforesaid separate accountability and by cancella-
15 tion of any commitments to purchase mortgages thereunder,
16 as reflected by the books of the Association, with the objective
17 that the entire aforesaid maximum amount shall be eliminated
18 with the orderly liquidation of all mortgages held under the
19 aforesaid separate accountability: *And provided further*,
20 That nothing in this subsection shall preclude the Association
21 from granting such usual and customary increases in the
22 amounts of outstanding commitments (resulting from in-
23 creased costs or otherwise) as have theretofore been covered
24 by like increases in commitments granted by the agencies of
25 the Federal Government insuring or guaranteeing the mort-

1 gages. There shall be excluded from the total amounts set
2 forth in this subsection and subsection (e) of this section
3 the amounts of any mortgages otherwise transferred by law
4 to the Association and held under the aforesaid separate
5 accountability.

6 “(d) The Association may issue to the Secretary of the
7 Treasury its obligations in an amount outstanding at any
8 one time sufficient to enable the Association to carry out its
9 functions under this section, such obligations to mature not
10 more than five years from their respective dates of issue, to
11 be redeemable at the option of the Association before ma-
12 turity in such manner as may be stipulated in such obliga-
13 tions. Each such obligation shall bear interest at a rate
14 determined by the Secretary of the Treasury, taking into
15 consideration the current average rate on outstanding mar-
16 ketable obligations of the United States as of the last day of
17 the month preceding the issuance of the obligation of the
18 Association. The Secretary of the Treasury is authorized to
19 purchase any obligations of the Association to be issued
20 under this section, and for such purpose the Secretary of the
21 Treasury is authorized to use as a public debt transaction
22 the proceeds from the sale of any securities issued under the
23 Second Liberty Bond Act, as now or hereafter in force, and
24 the purposes for which securities may be issued under the
25 Second Liberty Bond Act, as now or hereafter in force, are

1 extended to include any purchases of the Association's obliga-
2 tions hereunder.

3 “(e) Of the \$3,650,000,000 total amount of invest-
4 ments, loans, purchases, and commitments heretofore au-
5 thorized to be outstanding at any one time under this title
6 III prior to the enactment of the Housing Act of 1954, a
7 total of not to exceed \$300,000,000 shall be applicable as
8 provided in section 305 of this title, and a total of not to ex-
9 ceed \$3,350,000,000 shall be applicable as provided in sub-
10 section (c) of this section.

11 “SEPARATE ACCOUNTABILITY

12 “SEC. 307. The Association shall establish and at all
13 times maintain separate accountability for (a) its secondary
14 market operations authorized by section 304 hereof, (b) its
15 special assistance functions authorized by section 305 hereof,
16 and (c) its management and liquidating functions authorized
17 by section 306 hereof.

18 “BOARD OF DIRECTORS

19 “SEC. 308. (a) The Association shall have a Board
20 of Directors consisting of five persons, one of whom shall be
21 the Housing and Home Finance Administrator as Chairman
22 of the Board, and four of whom shall be appointed by said
23 Administrator from among the officers or employees of
24 the Association, of the immediate office of said Administrator,
25 or (with the consent of the head of such department or

1 agency) of any other department or agency of the Federal
2 Government. The board of directors shall meet at the call
3 of its chairman, who shall require it to meet not less often
4 than once each month. Within the limitations of law, the
5 board shall determine the general policies which shall govern
6 the operations of the Association. The chairman of the
7 board shall select and effect the appointment of qualified per-
8 sons to fill the offices of president and vice president, and
9 such other offices as may be provided for in the bylaws, with
10 such executive functions, powers, and duties as may be pre-
11 scribed by the bylaws or by the board of directors, and
12 such persons shall be the executive officers of the Associa-
13 tion and shall discharge all such executive functions, powers,
14 and duties. The basic rate of compensation of the position
15 of president of the Association shall be the same as the basic
16 rate of compensation established for the heads of the con-
17 stituent agencies of the Housing and Home Finance Agency.
18 The members of the board, as such, shall not receive com-
19 pensation for their services.

20 "GENERAL POWERS

21 "SEC. 309. (a) The Association shall have power to
22 adopt, alter, and use a corporate seal, which shall be judi-
23 cially noticed; by its board of directors, to adopt, amend, and
24 repeal bylaws governing the performance of the powers and
25 duties granted to or imposed upon it by law; to enter into

1 and perform contracts, leases, cooperative agreements, or
2 other transactions, on such terms as it may deem appropriate,
3 with any agency or instrumentality of the United States,
4 or with any State, territory, or possession, or with any
5 political subdivision thereof, or with any person, firm, asso-
6 ciation, or corporation; to execute, in accordance with its
7 bylaws, all instruments necessary or appropriate in the
8 exercise of any of its powers; in its corporate name, to sue
9 and to be sued, and to complain and to defend, in any court
10 of competent jurisdiction, State or Federal, but no attach-
11 ment, injunction, or other similar process, mesne or final,
12 shall be issued against the property of the Association or
13 against the Association with respect to its property; to con-
14 duct its business in any State of the United States, includ-
15 ing the District of Columbia and all territories and posses-
16 sions of the United States; to lease, purchase, or acquire any
17 property, real, personal, or mixed, or any interest therein,
18 to hold, rent, maintain, modernize, renovate, improve, use,
19 and operate such property, and to sell, for cash or credit,
20 lease, or otherwise dispose of the same, at such time and in
21 such manner as and to the extent that the Association may
22 deem necessary or appropriate; to prescribe, repeal, and
23 amend or modify, rules, regulations, or requirements govern-
24 ing the manner in which its general business may be con-

1 ducted; to accept gifts or donations of services, or of prop-
2 erty, real, personal, or mixed, tangible, or intangible, in aid
3 of any of the purposes of the Association; and to do all things
4 as are necessary or incidental to the proper management of
5 its affairs and the proper conduct of its business.

6 “(b) Except as may be otherwise provided in this title,
7 in the Government Corporation Control Act, or in other
8 laws specifically applicable to Government corporations, the
9 Association shall determine the necessity for and the char-
10 acter and amount of its obligations and expenditures and the
11 manner in which they shall be incurred, allowed, paid, and
12 accounted for, and such determinations shall be final and
13 conclusive upon all officers of the Government.

14 “(c) The Association, including its franchise, capital,
15 reserves, surplus, mortgages, and income shall be exempt
16 from all taxation now or hereafter imposed by the United
17 States, by any territory, dependency, or possession thereof,
18 or by any State, county, municipality, or local taxing author-
19 ity, except that (1) any real property of the Association
20 shall be subject to State, territorial, county, municipal, or
21 local taxation to the same extent according to its value as
22 other real property is taxed, and (2) the Association shall,
23 with respect to its secondary market operations under sec-
24 tion 304 after the cutoff date referred to in section 303 (d)
25 of this title, pay annually to the Secretary of the Treasury,

1 for covering into miscellaneous receipts, an amount equiva-
2 lent to the amount of Federal income taxes for which it would
3 be subject if it were not exempt from such taxes with respect
4 to such secondary market operations.

5 “(d) The Chairman of the Board shall have power to
6 select and appoint or employ such officers, attorneys, em-
7 ployees, and agents, to vest them with such powers and
8 duties, and to fix and to cause the Association to pay such
9 compensation to them for their services, as he may deter-
10 mine, subject to the civil service and classification laws.
11 Bonds may be required for the faithful performance of their
12 duties, and the Association may pay the premiums therefor.
13 With the consent of any Government corporation or Federal
14 Reserve bank, or of any board, commission, independent
15 establishment, or executive department of the Government,
16 the Association may avail itself on a reimbursable basis of
17 the use of information, services, facilities, officers, and em-
18 ployees thereof, including any field service thereof, in carry-
19 ing out the provisions of this title.

20 “(e) No individual, association, partnership, or corpora-
21 tion, except the body corporate created by section 302 of
22 this title, shall hereafter use the words ‘Federal National
23 Mortgage Association’ or any combination of such words,
24 as the name or a part thereof under which he or it shall do
25 business. Every individual, partnership, association, or cor-

1 poration violating this prohibition shall be guilty of a mis-
2 demeanor and shall be punished by a fine of not exceeding
3 \$100 or imprisonment not exceeding thirty days, or both, for
4 each day during which such violation is committed or
5 repeated.

6 “(f) In order that the Association may be supplied with
7 such forms of obligations or certificates as it may need for
8 issuance under this title, the Secretary of the Treasury is
9 authorized, upon request of the Association, to prepare such
10 forms as shall be suitable and approved by the Association,
11 to be held in the Treasury subject to delivery, upon order
12 of the Association. The engraved plates, dies, bed pieces,
13 and other material executed in connection therewith shall
14 remain in the custody of the Secretary of the Treasury. The
15 Association shall reimburse the Secretary of the Treasury
16 for any expenses incurred in the preparation, custody, and
17 delivery of such forms.

18 “(g) The Federal Reserve banks are authorized and
19 directed to act as depositaries, custodians, and fiscal agents
20 for the Association in the general performance of its powers,
21 and the Association shall reimburse such Federal Reserve
22 banks for such services in such manner as may be agreed
23 upon.

1 "INVESTMENT OF FUNDS

2 "SEC. 310. Moneys of the Association not invested in
3 mortgages or in operating facilities shall be kept in cash
4 on hand or on deposit, or invested in bonds or other obliga-
5 tions of, or in bonds or other obligations guaranteed as to
6 principal and interest by, the United States.

7 "OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

8 "SEC. 311. All obligations issued by the Association
9 shall be lawful investments, and may be accepted as security
10 for all fiduciary, trust, and public funds, the investment or
11 deposit of which shall be under the authority and control of
12 the United States or any officer or officers thereof.

13 "SHORT TITLE

14 "SEC. 312 This title III may be referred to as the
15 'Federal National Mortgage Association Charter Act'."

16 SEC. 302. The Federal National Mortgage Association,
17 established pursuant to the provisions of title III of the Na-
18 tional Housing Act as in effect prior to July 1, 1948, and
19 named in section 101 of the Government Corporation Control
20 Act, as amended, shall be the body corporate referred to in
21 section 302 of title III of the National Housing Act, as
22 amended by the Housing Act of 1954.

23 SEC. 303. The penultimate sentence of paragraph

1 Seventh of section 5136 of the Revised Statutes, as amended.
2 is hereby amended by striking “or obligations of national
3 mortgage associations” and inserting “or obligations of the
4 Federal National Mortgage Association”.

5 SEC. 304. (a) Subsection (h) of section 11 of the
6 Federal Home Loan Bank Act, as amended, is hereby
7 amended by inserting after “in obligations of the United
8 States” a comma and the following: “in obligations of the
9 Federal National Mortgage Association,”. The last sentence
10 of section 16 of said Act is amended by inserting after “in
11 direct obligations of the United States” a comma and the
12 following: “in obligations of the Federal National Mortgage
13 Association,”.

14 (b) The first paragraph of subsection (c) of section 5
15 of the Home Owners’ Loan Act of 1933, as amended, is
16 hereby amended by inserting in the second proviso before
17 the colon and after “Federal Home Loan Bank” the follow-
18 ing: “or in the obligations of the Federal National Mortgage
19 Association”.

20 SEC. 305. Subsection (b) of section 2 of the Alaska
21 Housing Act, as amended, is hereby repealed.

22 SEC. 306. Public Law 243, Eighty-second Congress, ap-
23 proved October 30, 1951, as amended, is hereby repealed.

TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 401. The heading of title I of the Housing Act of 1949, as amended, is hereby amended to read “TITLE I—SLUM CLEARANCE AND URBAN RENEWAL”.

SEC. 402. Title I of said Act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

“URBAN RENEWAL FUND

“SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the ‘Urban Renewal Fund’, and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.”

SEC. 403. Section 101 of said Act, as amended, is hereby amended to read as follows:

“SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give con-

1 sideration to the extent to which appropriate local public
2 bodies have undertaken positive programs (through the adop-
3 tion, modernization, administration, and enforcement of hous-
4 ing, zoning, building and other local laws, codes and regula-
5 tions relating to land use and adequate standards of health,
6 sanitation, and safety for buildings, including the use and
7 occupancy of dwellings) for (1) preventing the spread or
8 recurrence in the community of slums and blighted areas,
9 and (2) encouraging housing cost reductions through the
10 use of appropriate new materials, techniques, and methods in
11 land and residential planning, design, and construction, the
12 increase of efficiency in residential construction, and the
13 elimination of restrictive practices which unnecessarily in-
14 crease housing costs.

15 “(b) In the administration of this title, the Adminis-
16 trator shall encourage the operations of such local public
17 agencies as are established on a State, or regional (within a
18 State), or unified metropolitan basis or as are established on
19 such other basis as permits such agencies to contribute effec-
20 tively toward the solution of community development or
21 redevelopment problems on a State, or regional (within a
22 State), or unified metropolitan basis.

23 “(c) No contract shall be entered into for any loan or
24 capital grant under this title, or for annual contributions or
25 capital grants pursuant to the United States Housing Act of

1 1937, as amended, and no mortgage shall be insured, and
2 no commitment to insure a mortgage shall be issued, under
3 sections 220 or 221 of the National Housing Act, as amended,
4 unless (1) there is presented to the Administrator by the
5 locality a workable program (which shall include an official
6 plan of action, as it exists from time to time, for effectively
7 dealing with the problem of urban slums and blight within
8 the community and for the establishment and preservation
9 of a well-planned community with well-organized residential
10 neighborhoods of decent homes and suitable living environ-
11 ment for adequate family life) for utilizing appropriate private
12 and public resources to eliminate, and prevent the develop-
13 ment or spread of, slums and urban blight, to encourage
14 needed urban rehabilitation, to provide for the redevelopment
15 of blighted, deteriorated, or slum areas, or to undertake such
16 of the aforesaid activities or other feasible community activi-
17 ties as may be suitably employed to achieve the objectives of
18 such a program, and (2) on the basis of his review of such
19 program, the Administrator determines that such program is
20 satisfactory and certifies to the constituent agencies affected
21 that the Federal assistance may be made available in such
22 community.

23 “(d) The Administrator is authorized to establish facil-
24 ities (1) for furnishing to communities, at their request, an
25 urban renewal service to assist them in the preparation of a

1 workable program as referred to in the preceding subsection
2 and to provide them with technical and professional assist-
3 ance for planning and developing local urban renewal pro-
4 grams, and (2) for the assembly, analysis and reporting of
5 information pertaining to such programs.”

6 SEC. 404. Section 102 of said Act, as amended, is hereby
7 amended—

8 (1) by amending the first sentence in subsection
9 (a) to read as follows: “To assist local communities in
10 the elimination of slums and blighted or deteriorated or
11 deteriorating areas, in preventing the spread of slums,
12 blight or deterioration, and in providing maximum
13 opportunity for the redevelopment, rehabilitation, and
14 conservation of such areas by private enterprise, the Ad-
15 ministrator may make temporary and definitive loans to
16 local public agencies in accordance with the provisions
17 of this title for the undertaking of urban renewal
18 projects.”;

19 (2) by inserting in the second sentence of subsec-
20 tion (a) before the word “expenditures” the word “es-
21 timated” and by inserting after the word “bonds” the
22 words “or other obligations”;

23 (3) by striking out “new uses of land in the project

1 area” at the end of the first sentence of subsection (b)
2 and inserting “new uses of such land in the project
3 area”;

4 (4) by striking out the words “bear interest as such
5 rate” in the second sentence of subsection (b) and
6 inserting “bear interest at such rate”; and

7 (5) by amending subsection (d) to read as follows:

8 “(d) The Administrator may make advances of
9 funds to local public agencies for surveys and plans for
10 urban renewal projects which may be assisted under this
11 title, including, but not limited to, (i) plans for carrying
12 out a program of voluntary repair and rehabilitation of
13 buildings and improvements, (ii) plans for the enforce-
14 ment of State and local laws, codes, and regulations re-
15 lating to the use of land and the use and occupancy of
16 buildings and improvements, and to the compulsory re-
17 pair, rehabilitation, demolition, or removal of buildings
18 and improvements, and (iii) appraisals, title searches,
19 and other preliminary work necessary to prepare for the
20 acquisition of land in connection with the undertaking of
21 such projects. The contract for any such advance of
22 funds shall be made upon the condition that such advance
23 of funds shall be repaid, with interest at not less than the

1 applicable going Federal rate, out of any moneys which
2 become available to the local public agency for the
3 undertaking of the project involved.”.

4 SEC. 405. Subsection (a) of section 103 of said Act, as
5 amended, is hereby amended to read as follows:

6 “(a) The Administrator may make capital grants to
7 local public agencies in accordance with the provisions of
8 this title for urban renewal projects: *Provided*, That the Ad-
9 ministrator shall not make any contract for capital grant with
10 respect to a project which consists of open land. The aggre-
11 gate of such capital grants with respect to all the projects
12 of a local public agency on which contracts for capital grants
13 have been made under this title shall not exceed two-
14 thirds of the aggregate of the net project costs of such proj-
15 ects, and the capital grant with respect to any individual
16 project shall not exceed the difference between the net
17 project cost and the local grants-in-aid actually made with
18 respect to the project.”.

19 SEC. 406. Section 104 of said Act, as amended, is hereby
20 amended by striking “section 110 (f) of land” and inserting
21 “section 110 (f) of the property”.

22 SEC. 407. Section 105 of said Act, as amended, is here-
23 by amended—

24 (1) by striking “Contracts for financial aid” and
25 inserting “Contracts for loans or capital grants”;

1 (2) by amending subsections (a) and (b) to read
2 as follows:

3 “(a) The urban renewal plan (including any re-
4 development plan constituting a part thereof) for the
5 urban renewal area be approved by the governing body
6 of the locality in which the project is situated, and that
7 such approval include findings by the governing body
8 that (i) the financial aid to be provided in the contract
9 is necessary to enable the project to be undertaken in
10 accordance with the urban renewal plan; (ii) the
11 urban renewal plan will afford maximum opportunity,
12 consistent with the sound needs of the locality as a
13 whole, for the rehabilitation or redevelopment of the
14 urban renewal area by private enterprise; and (iii)
15 the urban renewal plan conforms to a general plan for
16 the development of the locality as a whole;

17 “(b) When real property acquired or held by the
18 local public agency in connection with the project is sold
19 or leased, the purchasers or lessees and their assignees
20 shall be obligated (i) to devote such property to the uses
21 specified in the urban renewal plan for the project area;
22 (ii) to begin within a reasonable time any improve-
23 ments on such property required by the urban renewal
24 plan; and (iii) to comply with such other conditions as
25 the Administrator finds, prior to the execution of the

1 contract for loan or capital grant pursuant to this title,
2 are necessary to carry out the purposes of this title:
3 *Provided*, That clauses (ii) and (iii) of this subsection
4 shall not apply to mortgagees and others who acquire an
5 interest in such property as the result of the enforcement
6 of any lien or claim thereon;”;

7 (3) by striking the word “project” wherever it
8 appears in subsection (c) and inserting the term “urban
9 renewal”; and

10 (4) by striking out the proviso at the end of sub-
11 section (c), and substituting a period for the colon pre-
12 ceding said proviso.

13 SEC. 408. Section 106 of said Act, as amended, is
14 hereby amended by inserting the following proviso before
15 the period at the end of subsection (b) : “: *Provided*, That
16 necessary expenses of inspections and audits, and of provid-
17 ing representatives at the site, of projects being planned or
18 undertaken by local public agencies pursuant to this title
19 shall be compensated by such agencies by the payment of
20 fixed fees which in the aggregate will cover the costs of
21 rendering such services, and such expenses shall be considered
22 nonadministrative; and for the purpose of providing such in-
23 spections and audits and of providing representatives at the
24 sites, the Administrator may utilize any agency and such
25 agency may accept reimbursement or payment for such

1 services from such local public agencies or the Administrator,
2 and credit such amounts to the appropriations or funds against
3 which such charges have been made”.

4 SEC. 409. Section 107 of said Act, as amended, is hereby
5 amended by striking out the words “redevelopment plan”
6 and inserting “urban renewal plan”.

7 SEC. 410. Section 109 of said Act, as amended, is hereby
8 amended to read as follows:

9 “SEC. 109. In order to protect labor standards—

10 “(a) any contract for loan or capital grant pursuant
11 to this title shall contain a provision requiring that not
12 less than the wages prevailing in the locality, as prede-
13 termined by the Secretary of Labor pursuant to the
14 Davis-Bacon Act (49 Stat. 1011), shall be paid to all
15 laborers and mechanics, except such laborers or me-
16 chanics who are employees of municipalities or other
17 local public bodies, employed in the development of
18 the project involved for work financed in whole or in
19 part with funds made available pursuant to this title;
20 and the Administrator shall require certification as to
21 compliance with the provisions of this paragraph prior
22 to making any payment under such contract; and

23 “(b) the provisions of title 18, United States Code,
24 section 874, and of title 40, United States Code, section
25 276c, shall apply to work financed in whole or in part

1 with funds made available for the development of a
2 project pursuant to this title.”.

3 SEC. 411. Section 110 of said Act, as amended, is hereby
4 amended to read as follows:

5 “SEC. 110. The following terms shall have the meanings,
6 respectively, ascribed to them below, and, unless the context
7 clearly indicates otherwise, shall include the plural as well
8 as the singular number:

9 “(a) ‘Urban renewal area’ means an urban area that
10 (1) the governing body of the locality determines to be
11 blighted, deteriorated, or deteriorating and designates as ap-
12 propriate for an urban renewal project, and (2) the Admin-
13 istrator approves as appropriate for a project under this title.

14 “(b) ‘Urban renewal plan’ means a plan, as it exists
15 from time to time, for an urban renewal project, which plan
16 (1) shall conform to the general plan of the locality as a
17 whole and to the workable program referred to in section 101
18 hereof; (2) shall be sufficiently complete to indicate such
19 land acquisition, demolition and removal of structures, re-
20 development, improvements, and rehabilitation as may be
21 proposed to be carried out in the urban renewal area, zoning
22 and planning changes, if any, land uses, maximum densities,
23 building requirements, and the plan’s relationship to definite
24 local objectives respecting appropriate land uses, improved
25 traffic, public transportation, public utilities, recreational and

1 community facilities, and other public improvements; and
2 (3) shall include, for any part of the urban renewal area
3 proposed to be acquired and redeveloped in accordance with
4 clause (1) of the second sentence of subsection (c) of this
5 section, a redevelopment plan approved by the governing
6 body of the locality.

7 “(c) ‘Urban renewal project’ or ‘project’ may include
8 undertakings and activities of a local public agency in an
9 urban renewal area for the elimination and for the preven-
10 tion of the development or spread of slums and blight, in
11 accordance with an urban renewal plan to achieve sound
12 community objectives for the establishment and preservation
13 of well-planned residential neighborhoods of decent homes
14 and suitable living environment for adequate family life, and
15 may involve slum clearance and redevelopment in an urban
16 renewal area, or rehabilitation or conservation in an urban
17 renewal area, or any combination or part thereof, in accord-
18 ance with such urban renewal plan. For the purposes of this
19 subsection, ‘slum clearance and redevelopment’ may include
20 (1) acquisition of (i) a slum area or a deteriorated or
21 deteriorating area, or (ii) land which is predominantly open
22 and which because of obsolete platting, diversity of own-
23 ership, deterioration of structures or of site improvements, or
24 otherwise, substantially impairs or arrests the sound growth

1 of the community, or (iii) open land necessary for sound
2 community growth which is to be developed for predomi-
3 nantly residential uses (except that the determination re-
4 quired by clause (1) of paragraph (a) of this section that
5 the area is blighted, deteriorated, or deteriorating shall not
6 be applicable in the case of an open land project); (2)
7 demolition and removal of buildings and improvements; (3)
8 installation, construction, or reconstruction of streets, utilities,
9 parks, playgrounds, and other improvements necessary for
10 carrying out in the area the urban renewal objectives of this
11 title in accordance with the urban renewal plan; and (4)
12 making the land available for development or redevelopment
13 by private enterprise or public agencies (including sale,
14 initial leasing, or retention by the local public agency itself)
15 at its fair value for uses in accordance with the urban renewal
16 plan. For the purposes of this subsection, 'rehabilitation' or
17 'conservation' may include the restoration and renewal of a
18 blighted, deteriorated, or deteriorating area by (1) carrying
19 out plans for a program of voluntary repair and rehabilita-
20 tion of buildings or other improvements in accordance with
21 the urban renewal plan; (2) acquisition of real property and
22 demolition or removal of buildings and improvements thereon
23 where necessary to eliminate unhealthful, insanitary or unsafe
24 conditions, lessen density, eliminate obsolete or other uses
25 detrimental to the public welfare, or to otherwise remove or

1 prevent the spread of blight or deterioration, or to provide
2 land for needed public facilities; (3) installation, construc-
3 tion, or reconstruction, of such improvements as are described
4 in clause (3) of the preceding sentence; and (4) the disposi-
5 tion of any property acquired in such urban renewal area
6 (including sale, initial leasing, or retention by the local public
7 agency itself) at its fair value for uses in accordance with
8 the urban renewal plan.

9 “For the purposes of this title, the term ‘project’ shall
10 not include the construction or improvement of any building,
11 and the term ‘redevelopment’ and derivatives thereof shall
12 mean development as well as redevelopment. For any of
13 the purposes of section 109 hereof, the term ‘project’ shall
14 not include any donations or provisions made as local grants-
15 in-aid and eligible as such pursuant to clauses (2) and (3)
16 of section 110 (d) hereof.

17 “(d) ‘Local grants-in-aid’ shall mean assistance by a
18 State, municipality, or other public body, or (in the case
19 of cash grants or donations of land or other real property)
20 any other entity, in connection with any project on which a
21 contract for capital grant has been made under this title, in
22 the form of (1) cash grants; (2) donations, at cash value,
23 of land or other real property (exclusive of land in streets,
24 alleys, and other public rights-of-way which may be vacated
25 in connection with the project) in the urban renewal area,

1 and demolition, removal, or other work or improvements in
2 the urban renewal area, at the cost thereof, of the types
3 described in clause (2) and clause (3) of either the second
4 or third sentence of section 110 (c) ; and (3) the provision
5 in the urban renewal area, at their cost, of public buildings
6 or other public facilities (other than publicly-owned housing)
7 which are necessary for carrying out in the area the urban
8 renewal objectives of this title in accordance with the urban
9 renewal plan: *Provided*, That in any case where, in the
10 determination of the Administrator, any park, playground,
11 public buildings, or other public facility is of direct benefit
12 both to the urban renewal area and to other areas, and the
13 approximate degree of the benefit to such other areas is esti-
14 mated by the Administrator at 20 per centum or more of
15 the total benefits, the Administrator shall provide that, for
16 the purpose of computing the amount of the local grants-in-aid
17 for the project, there shall be included only such portion of
18 the cost of such park, playground, public building, or other
19 public facility as the Administrator determines to be appro-
20 priate: *And provided further*, That for the purpose of com-
21 puting the amount of local grants-in-aid under this section
22 110 (d), the estimated cost (as determined by the Admin-
23 istrator) of parks, playgrounds, public buildings, or other
24 public facilities may be deemed to be the actual cost thereof
25 if (i) the construction or provision thereof is not completed

1 at the time of final disposition of land in the project to be
2 acquired and disposed of under the urban renewal plan, and
3 (ii) the Administrator has received assurances satisfactory
4 to him that such park, playground, public building, or other
5 public facility will be constructed or completed when needed
6 and within a time prescribed by him. With respect to any
7 demolition or removal work, improvement, or facility for
8 which a State, municipality, or other public body has received
9 or has contracted to receive any grant or subsidy from the
10 United States, or any agency or instrumentality thereof, the
11 portion of the cost thereof defrayed or estimated by the
12 Administrator to be defrayed with such subsidy or grant shall
13 not be eligible for inclusion as a local grant-in-aid.

14 “(e) ‘Gross project cost’ shall comprise (1) the amount
15 of the expenditures by the local public agency with respect
16 to any and all undertakings necessary to carry out the
17 project (including the payment of carrying charges, but not
18 beyond the point where the project is completed), and (2)
19 the amount of such local grants-in-aid as are furnished in
20 forms other than cash.

21 “(f) ‘Net project cost’ shall mean the difference be-
22 tween the gross project cost and the aggregate of (1) the
23 total sales prices of all land or other property sold, and (2)
24 the total capital values (i) imputed, on a basis approved by
25 the Administrator, to all land or other property leased, and

1 (ii) used as a basis for determining the amounts to be trans-
2 ferred to the project from other funds of the local public
3 agency to compensate for any land or other property re-
4 tained by it for use in accordance with the urban renewal
5 plan.

6 “(g) ‘Going Federal rate’ means (with respect to any
7 contract for a loan or advance entered into after the first
8 annual rate has been specified as provided in this sentence)
9 the annual rate of interest which the Secretary of the Treas-
10 ury shall specify as applicable to the six-month period (be-
11 ginning with the six-month period ending December 31,
12 1953) during which the contract for loan or advance is made,
13 which applicable rate for each six-month period shall be
14 determined by the Secretary of the Treasury by estimating
15 the average yield to maturity, on the basis of daily closing
16 market bid quotations or prices during the month of May
17 or the month of November, as the case may be, next preced-
18 ing such six-month period, on all outstanding marketable
19 obligations of the United States having a maturity date of
20 fifteen or more years from the first day of such month of May
21 or November, and by adjusting such estimated average an-
22 nual yield to the nearest one-eighth of 1 per centum. Any
23 contract for loan made may be revised or superseded by a
24 later contract, so that the going Federal rate, on the basis
25 of which the interest rate on the loan is fixed, shall mean

1 the going Federal rate, as herein defined, on the date that
2 such contract is revised or superseded by such later contract.

3 “(h) ‘Local public agency’ means any State, county,
4 municipality, or other governmental entity or public body,
5 or two or more such entities or bodies, authorized to under-
6 take the project for which assistance is sought. ‘State’ in-
7 cludes the several States, the District of Columbia, and the
8 territories and possessions of the United States.

9 “(i) ‘Land’ means any real property, including im-
10 proved or unimproved land, structures, improvements, ease-
11 ments, incorporeal hereditaments, estates, and other rights in
12 land, legal or equitable.

13 “(j) ‘Administrator’ means the Housing and Home
14 Finance Administrator.”

15 SEC. 412. Notwithstanding the amendments in this title
16 to title I of the Housing Act of 1949, as amended, the
17 Administrator, with respect to any project covered by any
18 Federal aid contract executed, or prior approval granted, by
19 him under said title I before the effective date of this Act,
20 may extend financial assistance for the completion of such
21 project in accordance with the provisions of said title I in
22 force immediately prior to the effective date of this Act.

23 SEC. 413. The provisos with respect to the appropria-
24 tion for capital grants for slum clearance and urban rede-
25 velopment contained in title I of the First Independent

1 Offices Appropriation Act, 1954 (Public Law 176, Eighty-
2 third Congress) are hereby repealed.

3 SEC. 414. The Housing and Home Finance Adminis-
4 trator is authorized to make grants, subject to such terms and
5 conditions as he shall prescribe, to public bodies, including
6 cities and other political subdivisions, to assist them in de-
7 veloping, testing, and reporting methods and techniques, and
8 carrying out demonstrations and other activities for the pre-
9 vention and the elimination of slums and urban blight. No
10 such grant shall exceed two-thirds of the cost, as determined
11 or estimated by said Administrator, of such activities or
12 undertakings. In administering this section, said Adminis-
13 trator shall give preference to those undertakings which in
14 his judgment can reasonably be expected to (1) contribute
15 most significantly to the improvement of methods and tech-
16 niques for the elimination and prevention of slums and blight,
17 and (2) best serve to guide renewal programs in other com-
18 munities. Said Administrator may make advance or prog-
19 ress payments on account of any grant contracted to be
20 made pursuant to this section, notwithstanding the provisions
21 of section 3648 of the Revised Statutes, as amended. The
22 aggregate amount of grants made under this section shall not
23 exceed \$5,000,000 and shall be payable from the capital
24 grant funds provided under and authorized by section 103 (b)
25 of the Housing Act of 1949, as amended.

1 TITLE V—LOW-RENT PUBLIC HOUSING

2 SEC. 501. The United States Housing Act of 1937, as
3 amended, is hereby amended—

4 (1) by striking the words following the first colon
5 up to and including the words “such families” in sub-
6 section 10 (g) and inserting the following: “First, to
7 families which are to be displaced by any low-rent hous-
8 ing project or by any public slum-clearance, redevelop-
9 ment or urban renewal project, or through action of a
10 public body or court, either through the enforcement
11 of housing standards or through the demolition, closing,
12 or improvement of dwelling units, or which were so dis-
13 placed within three years prior to making application to
14 such public housing agency for admission to any low-
15 rent housing: *Provided*, That as among such projects
16 or actions the public housing agency may from time to
17 time extend a prior preference or preferences: *And pro-*
18 *vided further*, That, as among families within any such
19 preference group”; and

20 (2) by striking the words “or was to be displaced
21 by another low-rent housing project or by a public slum-
22 clearance or redevelopment project” in clause (ii) of
23 subsection 15 (8) (b) and inserting the following: “or
24 was to be displaced by any low-rent housing project or
25 by any public slum-clearance, redevelopment or urban

1 renewal project, or through action of a public body or
2 court, either through the enforcement of housing stand-
3 ards or through the demolition, closing, or improvement
4 of a dwelling unit or units”.

5 SEC. 502. Subsection 10 (h) of said Act, as amended, is
6 hereby amended to read as follows:

7 “(h) Every contract made pursuant to this Act for
8 annual contributions for any low-rent housing project ini-
9 tiated after March 1, 1949, shall provide that no annual
10 contributions by the Authority shall be made available for
11 such project unless such project is exempt from all real and
12 personal property taxes levied or imposed by the State, city,
13 county, or other political subdivisions, but such contract shall
14 require the public housing agency to make payments in lieu
15 of taxes equal to 10 per centum of the annual shelter rents
16 charged in such project or such lesser amount as (i) is
17 prescribed by State law, or (ii) is agreed to by the local
18 governing body in its agreement for local cooperation with
19 the public housing agency required under subsection 15 (7)
20 (b) (i) of this Act, or (iii) is due to failure of a local public
21 body or bodies other than the public housing agency to per-
22 form any obligation under such agreement: *Provided*, That,
23 if at the time such agreement for local cooperation is entered
24 into it appears that such 10 per centum payments in lieu of
25 taxes will not result in a contribution to the project through

1 tax exemption by the State, city, county, or other political
2 subdivisions in which the project is situated of at least 20
3 per centum of the annual contributions to be paid by the
4 Authority, the amounts of such payments in lieu of taxes shall
5 be limited by the agreement to amounts, if any, which would
6 not reduce the local contribution below such 20 per centum:
7 *Provided further*, That, with respect to any such project
8 which is not exempt from all real and personal property taxes
9 levied or imposed by the State, city, county, or other political
10 subdivisions, such contract shall provide, in lieu of the re-
11 quirement for tax exemption and payments in lieu of taxes,
12 that no annual contributions by the Authority shall be made
13 available for such project unless and until the State, city,
14 county, or other political subdivisions in which such project is
15 situated shall contribute, in the form of cash or tax remission
16 an amount equal to the greater of (i) the amount by which
17 the taxes paid with respect to the project exceeds 10 per
18 centum of the annual shelter rents charged in such project
19 or (ii) 20 per centum of the annual contributions paid by
20 the Authority (but not in excess of the taxes levied) : *And*
21 *provided further*, That, prior to execution of the contract for
22 annual contributions the public housing agency shall, in the
23 case of a tax-exempt project, notify the governing body of
24 the locality of its estimate of the annual amount of such pay-
25 ments in lieu of taxes and of the amount of taxes which would

1 be levied if the property were privately owned, or, in the
2 case where the project is taxed, its estimate of the annual
3 amount of the local cash contribution, and shall thereafter
4 include the actual amounts in its annual reports. Contracts
5 for annual contributions entered into prior to the effective
6 date of the Housing Act of 1954 may be amended in accord-
7 ance with the first sentence of this subsection.”

8 SEC. 503. Section 10 of said Act, as amended, is hereby
9 amended by adding the following new subsection:

10 “(i) Every contract made pursuant to this Act for
11 annual contributions for any low-rent housing project for
12 which no such contract has been entered into prior to the
13 enactment of the Housing Act of 1954 shall provide that—

14 “(1) after payment in full of all obligations of the
15 public housing agency in connection with the project for
16 which any annual contributions are pledged, and until
17 the total amount of annual contributions paid by the
18 Authority in respect to such project has been repaid pur-
19 suant to the provisions of this subsection, (a) all receipts
20 in connection with the project in excess of expenditures
21 necessary for management, operation, maintenance, or
22 financing, and for reasonable reserves therefor, shall be
23 paid annually to the Authority and to local public bodies
24 which have contributed to the project in the form of tax
25 exemption or otherwise, in proportion to the aggregate

1 contribution which the Authority and such local public
2 bodies have made to the project, and (b) no debt in
3 respect to the project, except for necessary expenditures
4 for the project, shall be incurred by the public housing
5 agency;

6 “(2) if, at any time, the project or any part thereof
7 is sold, such sale shall be to the highest responsible bid-
8 der after advertising, or at fair market value, and the pro-
9 ceeds of such sale together with any reserves, after ap-
10 plication to any outstanding debt of the public housing
11 agency in respect to such project, shall be paid to the
12 Authority and local public bodies as provided in clause
13 1 (a) of this subsection: *Provided*, That the amounts to
14 be paid to the Authority and the local public bodies shall
15 not exceed their respective total contribution to the
16 project.”.

17 SEC. 504. Paragraph (6) of section 16 of said Act, as
18 amended, is hereby repealed.

19 SEC. 505. Paragraph (2) of section 16 of said Act,
20 as amended, is hereby amended to read as follows:

21 “(2) Any contract for loans, annual contributions,
22 capital grants, sale, or lease pursuant to this Act shall con-
23 tain a provision requiring that not less than the wages pre-
24 vailing in the locality, as determined or adopted (subsequent
25 to a determination under applicable State or local law) by

1 the Authority, shall be paid to all maintenance laborers and
2 mechanics employed in the administration of the low-rent
3 housing or slum-clearance project involved; and shall also
4 contain a provision that not less than the wages prevailing
5 in the locality, as predetermined by the Secretary of Labor
6 pursuant to the Davis-Bacon Act (49 Stat. 1011), shall
7 be paid to all laborers and mechanics employed in the de-
8 velopment of the project involved; and the Authority shall
9 require certification as to compliance with the provisions of
10 this paragraph prior to making any payment under such
11 contract.”.

12 TITLE VI—HOME LOAN BANK BOARD

13 SEC. 601. The National Housing Act, as amended, is
14 hereby amended—

15 (1) by amending section 402 (c) (4) to read as
16 follows:

17 “(4) To sue and be sued, complain and defend,
18 in any court of competent jurisdiction in the United
19 States or its territories or possessions, and may be served
20 by serving a copy of process on any of its agents or any
21 agent of the Home Loan Bank Board and mailing a
22 copy of such process by registered mail to the Corpora-
23 tion at Washington, District of Columbia.”; and

24 (2) by adding the following new subsection to sec-
25 tion 405:

1 “(c) No action against the Corporation to enforce
2 a claim for payment of insurance upon an insured ac-
3 count of an insured institution in default shall be brought
4 after the expiration of three years from the date of de-
5 fault unless, within such three-year period, the con-
6 servator, receiver, or other legal custodian of the insured
7 institution shall have recognized such insured account as
8 a valid claim against the insured institution and the
9 claim for payment of insurance shall have been presented
10 to the Corporation and its validity denied, in which event
11 the action may be brought within two years from the
12 date of such denial.”.

13 SEC. 602. The Federal Home Loan Bank Act, as
14 amended, is hereby amended by striking “\$20,000” in sec-
15 tion 10 (b) (2) and inserting “\$35,000”.

16 SEC. 603. The Home Owners’ Loan Act of 1933, as
17 amended, is hereby amended—

18 (1) by striking “\$20,000” wherever it appears in
19 the first paragraph of subsection (c) of section 5 and
20 inserting “\$35,000”; and

21 (2) by amending subsection (d) of section 5 to
22 read as follows:

23 “(d) (1) The Board shall have power to enforce
24 this section and rules and regulations made hereunder.
25 In the enforcement of any provision of this section or

1 rules and regulations made hereunder, or any other law
2 or regulation, and in the administration of conservator-
3 ships and receiverships as provided in subsection (d)
4 (2) hereof, the Board is authorized to act in its own
5 name and through its own attorneys. The Board shall
6 have power to sue and be sued, complain and defend in
7 any court of competent jurisdiction in the United States
8 or its territories or possessions. It shall by formal reso-
9 lution state any alleged violation of law or regulation
10 and give written notice to the association concerned
11 of the facts alleged to be such violation, except that the
12 appointment of a Supervisory Representative in Charge,
13 a conservator or a receiver shall be exclusively as pro-
14 vided in subsection (d) (2) hereof. Such association
15 shall have thirty days within which to correct the alleged
16 violation of law or regulation and to perform any legal
17 duty. If the association concerned does not comply with
18 the law or regulation within such period, then the Board
19 shall give such association twenty days written notice
20 of the charges against it and of a time and place at which
21 the Board will conduct a hearing as to such alleged vio-
22 lation of duty. Such hearing shall be in the Federal
23 judicial district of the association unless it consents to
24 another place and shall be conducted by a hearing exam-
25 iner as is provided by the Administrative Procedure Act.

1 The Board or any member thereof or its designated
2 representative shall have power to administer oaths and
3 affirmations and shall have power to issue subpoenas and
4 subpoenas duces tecum, and shall issue such at the re-
5 quest of any interested party, and the Board or any in-
6 terested party may apply to the United States district
7 court of the district where such hearing is designated
8 for the enforcement of such subpoena or subpoena duces
9 tecum and such courts shall have power to order and
10 require compliance therewith. A record shall be made
11 of such hearing and any interested party shall be entitled
12 to a copy of such record to be furnished by the Board at
13 its reasonable cost. After such hearing and an adjudica-
14 tion by the Board, appeals shall lie as is provided by the
15 Administrative Procedure Act, and the review by the
16 court shall be upon the weight of the evidence. Upon
17 the giving of notice of alleged violation of law or regu-
18 lation as herein provided, either the Board or the asso-
19 ciation affected may, within thirty days after the service
20 of said notice, apply to the United States district court
21 for the district where the association is located for a
22 declaratory judgment and an injunction or other relief
23 with respect to such controversy, and said court shall
24 have jurisdiction to adjudicate the same as in other

1 cases and to enforce its orders. The Board may apply
2 to the United States district court of the district where
3 the association affected has its home office for the en-
4 forcement of any order of the Board and such court
5 shall have power to enforce any such order which has
6 become final. The Board shall be subject to suit by any
7 Federal savings and loan association with respect to any
8 matter under this section or regulations made there-
9 under, or any other law or regulation, in the United
10 States district court for the district where the home office
11 of such association is located, and may be served by serv-
12 ing a copy of process on any of its agents and mailing
13 a copy of such process by registered mail, to the Home
14 Loan Bank Board, Washington, District of Columbia.

15 “(2) The grounds for the appointment of a con-
16 servator or receiver for a Federal savings and loan
17 association shall be one or more of the following: (i)
18 insolvency in that the assets of such association are
19 less than its obligations to its creditors and others, in-
20 cluding its members; (ii) violation of law or of a regu-
21 lation; (iii) the concealment of its books, records, or
22 assets or the refusal to submit its books, papers, records,
23 or affairs for inspection to any examiner or lawful agent
24 appointed by the Home Loan Bank Board; and (iv)
25 unsafe or unsound operation. The Board shall have

1 exclusive jurisdiction to appoint a Supervisory Repre-
2 sentative in Charge, conservator, or receiver. If, in the
3 opinion of the Board, a ground for the appointment of a
4 conservator or receiver as herein provided exists and
5 the Board determines that an emergency exists requiring
6 immediate action, the Board is authorized to appoint ex-
7 parte and without notice a Supervisory Representative in
8 Charge to take charge of said association and its affairs
9 who shall have and exercise all the powers herein pro-
10 vided for conservators and receivers. Unless sooner re-
11 moved by the Board, such Supervisory Representative in
12 Charge shall hold office until a conservator or receiver,
13 appointed by the Board after notice as herein provided,
14 takes charge of the association and its affairs, or for six
15 months, or until thirty days after the termination of the
16 administrative hearing and final proceedings herein pro-
17 vided, or until sixty days after the final termination of
18 any litigation affecting such temporary appointment,
19 whichever is longest. The Board shall have the power
20 to appoint a conservator or receiver but no such ap-
21 pointment of a conservator or receiver shall be made
22 except pursuant to a formal resolution of the Board
23 stating the grounds therefor and except notice thereof
24 is given to said association stating the grounds therefor
25 and until an opportunity for an administrative hearing

1 thereon is afforded to said association. Such hearing
2 shall be held in accordance with the provisions of the
3 Administrative Procedure Act and shall be subject to
4 review as therein provided and the review by the court
5 shall be upon the weight of the evidence. A conservator
6 shall have all the powers of the members, the directors,
7 and officers of the Federal association and shall be author-
8 ized to operate it in its own name or conserve its assets
9 in the manner and to the extent authorized by the Board.
10 The Board shall appoint only the Federal Savings and
11 Loan Insurance Corporation as receiver for any Federal
12 savings and loan association, which shall have power
13 as receiver to buy at its own sale subject to approval by
14 the Board. With the consent of the association expressed
15 by a resolution of the board of directors or of its mem-
16 bers, the Board is authorized to appoint a conservator or
17 receiver for a Federal association without notice and
18 without hearing. The Board shall have power to make
19 rules and regulations for the reorganization, merger, and
20 liquidation of Federal associations and for such associa-
21 tions in conservatorship and receivership and for the
22 conduct of conservatorships and receiverships. When-
23 ever a Supervisory Representative in Charge, conservator,
24 or receiver, appointed by the Board pursuant to the
25 provisions of this section, demands possession of the

1 property, business and assets of any association, the
2 refusal of any officer, agent, employee, or director of
3 such association to comply with the demand shall be
4 punishable by a fine of not more than \$1,000 or by
5 imprisonment for not more than one year or both by
6 such fine and imprisonment.”

7 TITLE VII—URBAN PLANNING AND RESERVE OF
8 PLANNED PUBLIC WORKS

9 URBAN PLANNING

10 SEC. 701. To facilitate urban planning for smaller com-
11 munities lacking adequate planning resources, the Admin-
12 istrator is authorized to make planning grants to State plan-
13 ning agencies for the provision of planning assistance (in-
14 cluding surveys, land use studies, urban renewal plans, tech-
15 nical services and other planning work, but excluding plans
16 for specific public works) to cities and other municipalities
17 having a population of less than 25,000 according to the
18 latest decennial census. The Administrator is further author-
19 ized to make planning grants for similar planning work in
20 metropolitan and regional areas to official State, metro-
21 politan, or regional planning agencies empowered under
22 State or local laws to perform such planning. Any grant
23 made under this section shall not exceed 50 per centum of
24 the estimated cost of the work for which the grant is made

1 and shall be subject to terms and conditions prescribed by
2 the Administrator to carry out this section. The Administra-
3 tor is authorized, notwithstanding the provisions of section
4 3648 of the Revised Statutes, as amended, to make advance
5 or progress payments on account of any planning grant
6 made under this section. There is hereby authorized to be
7 appropriated not exceeding \$5,000,000 to carry out the
8 purposes of this section, and any amounts so appropriated
9 shall remain available until expended.

10 RESERVE OF PLANNED PUBLIC WORKS

11 SEC. 702. (a) In order (1) to encourage municipali-
12 ties and other public agencies to maintain a continuing and
13 adequate reserve of planned public works the construction of
14 which can rapidly be commenced whenever the economic
15 situation may make such action desirable, and (2) to attain
16 maximum economy and efficiency in the planning and con-
17 struction of local, State, and Federal public works, the Ad-
18 ministrator is hereby authorized, during the period of three
19 years commencing on July 1, 1954, to make advances to
20 public agencies from funds available under this section (not-
21 withstanding the provisions of section 3648 of the Revised
22 Statutes, as amended) to aid in financing the cost of engi-
23 neering and architectural surveys, designs, plans, working
24 drawings, specifications, or other action preliminary to and

1 in preparation for the construction of public works: *Provided*,
2 That the making of advances hereunder shall not in any way
3 commit the Congress to appropriate funds to assist in
4 financing the construction of any public works so planned.

5 (b) No advance shall be made hereunder with respect
6 to any individual project unless it conforms to an overall
7 State, local, or regional plan approved by a competent State,
8 local, or regional authority, and unless the public agency
9 formally contracts with the Federal Government to com-
10 plete the plan preparation promptly and to repay such
11 advance when due.

12 (c) Advances under this section to any public agency
13 shall be repaid without interest by such agency when the
14 construction of the public works is undertaken or started:
15 *Provided*, That in the event repayment is not made promptly
16 such unpaid sum shall bear interest at the rate of four per
17 centum per annum from the date of the Government's de-
18 mand for repayment to the date of payment thereof by the
19 public agency. All sums so repaid shall be covered into
20 the Treasury as miscellaneous receipts.

21 (d) The Administrator is authorized to prescribe rules
22 and regulations to carry out the purposes of this section.

23 (e) There is hereby authorized to be appropriated not
24 exceeding \$10,000,000 to carry out the purposes of this sec-

1 tion, and any amounts so appropriated shall remain available
2 until expended. Not more than 5 per centum of the funds
3 so appropriated shall be expended in any one State.

4

DEFINITIONS

5 SEC. 703. As used in this title, (1) the term "State"
6 shall include any State, territory, or possession of the United
7 States, including the District of Columbia; (2) the term
8 "Administrator" shall mean the Housing and Home Finance
9 Administrator; (3) the term "public works" shall include
10 any public works other than housing; and (4) the term "pub-
11 lic agency" or "public agencies" shall mean any State, as
12 herein defined, or any public agency or political subdivision
13 therein.

14

TITLE VIII—MISCELLANEOUS PROVISIONS

15

16 SEC. 801. Section 607 of the Act entitled "An Act to
17 expedite the provision of housing in connection with national
18 defense, and for other purposes", approved October 14, 1940,
19 as amended, is hereby amended by adding the following new
20 subsection at the end thereof:

21

22 "(g) The Administrator may dispose of any permanent
23 war housing without regard to the preferences in subsections
24 (b) and (c) of this section when he determines that (1)
such housing, because of design or lack of amenities, is un-
suitable for family dwelling use, or (2) it is being used at the

1 time of disposition for other than dwelling purposes, or (3)
2 it was offered, with preferences substantially similar to those
3 provided in the Housing Act of 1950 (64 Stat. 48), to
4 veterans and occupants prior to enactment of said Act, or (4)
5 it is to be sold with a requirement that it be removed from
6 its present location.”

7 SEC. 802. (a) The Housing and Home Finance Admin-
8 istrator shall, as soon as practicable during each calendar
9 year, make a report to the President for submission to the
10 Congress on all operations under the jurisdiction of the
11 Housing and Home Finance Agency during the previous
12 calendar year.

13 (b) Section 311 of “An Act to expedite the provision
14 of housing in connection with national defense, and for other
15 purposes”, approved October 14, 1940, as amended; section
16 6 of “An Act to provide for the advance planning of non-
17 Federal public works”, approved October 13, 1949, as
18 amended; and sections 5 and 402 (f) of the National Hous-
19 ing Act, as amended, are hereby repealed.

20 (c) The National Housing Act, as amended, is
21 hereby amended—

22 (1) by striking the heading “ANNUAL REPORT”
23 immediately after section 4 and inserting “TAXATION”;
24 and

1 (2) by striking from subsection (e) of section 406
2 the word "Congress" and inserting "Housing and Home
3 Finance Administrator".

4 (d) The first sentence of section 7 (b) of the United
5 States Housing Act of 1937, as amended, is hereby amended
6 to read as follows: "The annual report of the Housing and
7 Home Finance Administrator to the President for submission
8 to the Congress on the operations of the Housing and Home
9 Finance Agency shall include a report on the operations and
10 expenses of the Authority, including loans, contributions, and
11 grants made or contracted for, low-rent housing and slum-
12 clearance projects undertaken, and the assets and liabilities
13 of the Authority."

14 (e) Section 106 (a) of the Housing Act of 1949, as
15 amended, is hereby amended by striking "; and" at the end
16 of paragraph (3) thereof, inserting a period in lieu thereof,
17 and striking paragraph (4).

18 (f) The Federal Home Loan Bank Act, as amended, is
19 hereby amended by striking the second sentence of section 20.

20 SEC. 803. The Housing and Home Finance Agency,
21 including its constituent agencies, and any other departments
22 or agencies of the Federal Government having powers, func-
23 tions, or duties with respect to housing under this or any
24 other law shall exercise such powers, functions, or duties
25 in such manner as, consistent with the requirements thereof,

1 will facilitate progress in the reduction of the vulnerability
2 of congested urban areas to enemy attack.

3 ACT CONTROLLING

4 SEC. 804. Insofar as the provisions of any other law
5 are inconsistent with the provisions of this Act, the provi-
6 sions of this Act shall be controlling.

7 SEPARABILITY

8 SEC. 805. Except as may be otherwise expressly pro-
9 vided in this Act, all powers and authorities conferred by
10 this Act shall be cumulative and additional to and not in
11 derogation of any powers and authorities otherwise exist-
12 ing. Notwithstanding any other evidences of the intention
13 of Congress, it is hereby declared to be the controlling intent
14 of Congress that if any provisions of this Act, or the appli-
15 cation thereof to any persons or circumstances, shall be ad-
16 judged by any court of competent jurisdiction to be invalid,
17 such judgment shall not affect, impair, or invalidate the
18 remainder of this Act or its applications to other persons
19 and circumstances.

83^d CONGRESS
2^d Session

H. R. 7839

A BILL

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

By Mr. WOLCOTT

FEBRUARY 12, 1954

Referred to the Committee on Banking and Currency

HOUSING ACT OF 1954

REPORT

FROM THE

COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

H. R. 7839

A BILL TO AID IN THE PROVISION AND IMPROVEMENT OF
HOUSING, THE ELIMINATION AND PREVENTION
OF SLUMS, AND THE CONSERVATION
AND DEVELOPMENT OF URBAN
COMMUNITIES



MARCH 28, 1954.—Committed to the Committee of the Whole House
on the State of the Union, and ordered to be printed

UNITED STATES
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CONTENTS

	Page
I. Introductory statement.....	1
II. Maintenance of high level of construction of new houses.....	3
A. FHA mortgage loan amounts and maturities.....	3
B. Flexibility in interest rates and other mortgage terms.....	7
III. FHA insurance for improvement and conservation of existing housing.....	9
A. Home repair and improvements.....	9
B. Rehabilitation under mortgage insurance programs.....	12
IV. New sections 220 and 221 FHA programs.....	13
V. Other FHA provisions.....	15
A. Insurance authorization.....	15
B. Changes in mutual mortgage insurance system.....	16
C. Miscellaneous.....	16
VI. Secondary credit facility for home mortgages—FNMA.....	18
A. Capitalization of FNMA.....	18
B. Functions of FNMA under its new charter.....	19
1. Secondary market functions.....	19
2. Special assistance operations.....	20
3. Management and liquidation functions.....	21
VII. Slum clearance and urban renewal.....	22
A. Changes in title I of the Housing Act of 1949.....	22
B. FHA assistance for urban renewal.....	24
C. Workable local program required.....	24
D. Savings provision.....	25
E. Urban planning.....	26
F. Grants for testing.....	26
G. District of Columbia participation in urban renewal.....	26
VIII. Low-rent public housing amendments.....	26
IX. Appointment of conservators and receivers for Federal savings and loan associations.....	27
X. Assistance for reserve of planned public works.....	28
XI. Voluntary home mortgage credit program.....	29
XII. Farm housing.....	30
XIII. Section-by-section summary of the bill.....	31

HOUSING ACT OF 1954

MARCH 28, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WOLCOTT, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany H. R. 7839]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

The amendment strikes all after the enacting clause of the introduced bill and inserts an amendment in the nature of a substitute. The text of the matter inserted appears in italic type in the bill herewith reported to the House.

I. INTRODUCTORY STATEMENT

This bill as reported, referred to as the Housing Act of 1954, is a comprehensive measure designed to promote the efforts of our people to acquire good homes, and to assist our communities to develop wholesome neighborhoods in which to live. It is the outgrowth of an intensive study inaugurated by President Eisenhower last fall when he appointed the Advisory Committee on Government Housing Policies and Programs consisting of leading citizens experienced in the problems of housing, mortgage finance, and community development. This Advisory Committee was requested to develop a new and revitalized housing program better adapted to current requirements, which would clearly identify the proper role of the Federal Government in the housing field and outline more economical and effective means for improving the housing conditions of our people. This study encompassed the entire scope of Federal legislative and administrative action to assist housing and improve the living conditions of our people.

The conclusions and recommendations of the Advisory Committee were set forth in the report which it submitted to the President on December 14 of last year. Most of those conclusions were reflected in the recommendations contained in the President's special housing message on January 25 of this year (H. Doc. No. 306) and are included in H. R. 7839. That report and the testimony of the many witnesses appearing before your committee furnished an unusually large and helpful background of current information and informed judgment for considering and acting on the proposals contained in this bill.

The provisions of the bill as reported, while relating to many phases of the housing programs of the Federal Government, are designed primarily to bring those programs in line with a few basic objectives, which include:

1. Maintaining a high volume of residential construction, with the assistance of mortgage insurance, secondary market, and other credit facilities of the Federal Government;

2. Providing a more even flow of home mortgage credit to all areas and assuring flexibility in home mortgage terms to keep pace with general economic conditions;

3. Placing much greater emphasis on improving and conserving our existing supply of housing through—

- (a) FHA insurance programs which will assist repair and rehabilitation work of homeowners, provide mortgage insurance for rehabilitation projects, and bring mortgage terms for existing housing up to those applicable to new housing; and

- (b) Financial assistance to help the community attack on a new broad basis its overall problem of urban blight and deterioration through rehabilitation and conservation, as well as slum clearance and urban redevelopment;

4. Providing mortgage insurance to assist in bringing new privately built housing within the financial reach of a larger segment of our increasing population; and

5. Substituting private sources of funds for Government expenditures wherever possible, especially in connection with the provision of a secondary market for home mortgages.

Your committee believes that one important feature of the bill, as reported, to be noted at this point is the coordination of functions relating to a community's attack on its overall problems of urban blight and deterioration, referred to in the bill as "slum clearance and urban renewal." Such an undertaking assisted by the Federal Government under the bill would have to be in accordance with a "workable program," approved by the Housing and Home Finance Administrator, for effectively using the public or private resources of the community to eliminate, and prevent the development or spread of, slums and urban blight. Until such a program of the community is approved, no loan or grant could be made for an urban renewal project under the bill as reported, no mortgage insurance commitment could be issued under the new special mortgage insurance programs provided in connection with urban renewal projects, and no future contract for

annual contributions or capital grants for public housing under the United States Housing Act of 1937, as amended, could be entered into. This requires a broad and effective program to be undertaken by the community itself as a condition to such Federal assistance, and requires the community to marshal and coordinate its own facilities for meeting its problems of slums and deteriorating areas. It also requires a coordination of the Federal programs to assist the community in meeting these problems.

II. MAINTENANCE OF HIGH LEVEL OF CONSTRUCTION OF NEW HOUSES

A. FHA MORTGAGE LOAN AMOUNTS AND MATURITIES

Title I of the bill as reported would change the various statutory ceilings on amounts and maturities of FHA-insured mortgages. Your committee believes that these changes would greatly simplify the statutory provisions involved and would assist in maintaining a high level of new housing construction. This simplification of statutory mortgage terms is greatly needed, particularly with respect to section 203 covering the insurance of mortgages on 1- to 4-family homes. Also, since FHA- or VA-insured or guaranteed home mortgage loans represent a large segment of the home mortgage market and therefore exert a strong influence on the level of construction activity, your committee believes it desirable to permit the terms of such Government-guaranteed or insured home mortgage credit to be fully responsive to changing economic conditions, as would be permitted under the bill as reported.

A simplified system of statutory maximum mortgage amounts for section 203 would be provided by the bill as reported. The limits for 1- to 2-family structures would be increased to \$20,000 from the present limit of \$16,000 (which was first established in 1934), and the maximums for 3- and 4-family structures would be increased to \$27,500 and \$35,000, respectively, from present limits of \$20,500 and \$25,000. For both new and existing structures with 1- to 4-dwelling units, the bill as reported would provide that statutory maximum mortgage amounts be limited to 95 percent of the first \$8,000 of value plus 75 percent of the value in excess of \$8,000. This single formula would replace a very complex series of maximum mortgage limitations applicable under the present law to a variety of types of structure, sizes of units, and construction status of structures. The single formula would also remove the present statutory disadvantage of mortgage terms for existing construction.

These new provisions in section 203 would provide a more consistent schedule of maximum mortgage amounts. For example, a new home with a value of \$11,000 is now eligible for a mortgage of \$9,450, or 85.9 percent of value. Another new house of \$11,800 is eligible only for that same maximum mortgage amount, and a house of \$12,000 value is eligible for a mortgage of 80 percent of value, or only \$9,600—merely \$150 more than is available to the house valued at \$1,000 less.

The following table shows the changes which would be made by the bill in the section 203 maximum mortgage amounts:

PROPOSED AND CURRENT SCHEDULES FOR MAXIMUM MORTGAGE AMOUNTS FOR 1- TO 4-FAMILY HOME MORTGAGES INSURED UNDER FHA SEC. 203

A. 1- and 2-family home mortgages

Federal Housing Administration appraised value (per structure)	Proposed		Current					
	1-and 2-family, new and existing ¹ (all mortgagors ex- cept operative builders)		1-family new, sec. 203 (b) (2) (D) ² (owner-occupant mortgagors)		1-family new, sec. 203 (b) (2), (C) ³ (owner-occupant mortgagors)		1- and 2-family, new and existing, sec. 203 (b) (2) (A) ⁴ (all mortgagors except operative builders)	
	Maxi- mum insured mortgage ⁵	Loan- value ratio (percent)	Maxi- mum insured mortgage	Loan- value ratio (percent)	Maxi- mum insured mortgage	Loan- value ratio (percent)	Maxi- mum insured mortgage	Loan- value ratio (percent)
\$4,000-----	\$3, 800	95.0	\$3, 800	95	\$3, 800	95.0	\$3, 200	80.0
\$5,000-----	4, 750	95.0	4, 750	95	4, 750	95.0	4, 000	80.0
\$6,000-----	5, 700	95.0	5, 700	95	5, 700	95.0	4, 800	80.0
\$7,000-----	6, 650	95.0	6, 650	95	6, 650	95.0	5, 600	80.0
\$8,000-----	7, 600	95.0	7, 600	95	7, 350	91.9	6, 400	80.0
\$9,000-----	8, 350	92.8	8, 350	95	8, 050	89.4	7, 200	80.0
\$10,000-----	9, 100	91.0	9, 500	95	8, 750	87.5	8, 000	80.0
\$11,000-----	9, 850	89.5			9, 450	85.9	8, 800	80.0
\$12,000-----	10, 600	88.3					9, 600	80.0
\$13,000-----	11, 350	87.3					10, 400	80.0
\$14,000-----	12, 100	86.4					11, 200	80.0
\$15,000-----	12, 850	85.7					12, 000	80.0
\$16,000-----	13, 600	85.0					12, 800	80.0
\$17,000-----	14, 350	84.4					13, 600	80.0
\$18,000-----	15, 100	83.9					14, 400	80.0
\$19,000-----	15, 850	83.4					15, 200	80.0
\$20,000-----	16, 600	83.0					16, 000	80.0
\$21,000-----	17, 350	82.6					16, 000	76.2
\$22,000-----	18, 100	82.3					16, 000	72.7
\$23,000-----	18, 850	82.0					16, 000	69.6
\$24,000-----	19, 600	81.7					16, 000	66.7
\$24,600-----	20, 000	81.3					16, 000	65.0

¹ Proposed terms for 1- and 2-family new and existing: Not to exceed 95 percent of \$8,000 value and 75 percent of value in excess of \$8,000, and not to exceed a mortgage of \$20,000.

² Current terms for 1-family new under sec. 203 (b) (2) (D): Not to exceed 95 percent of value and not to exceed a mortgage of \$6,650, plus \$950 per room for 3d and 4th bedrooms.

³ Current terms for 1-family new under sec. 203 (b) (2) (C): Not to exceed 95 percent of \$7,000 value and 70 percent of value in excess of \$7,000, and not to exceed a mortgage of \$9,450.

⁴ Current terms for 1- and 2-family new and existing under sec. 203 (b) (2) (A): Not to exceed 80 percent of value, and not to exceed a mortgage of \$16,000 per structure.

⁵ Per structure.

⁶ Minimum of 3 bedrooms per family unit.

⁷ Minimum of 4 bedrooms per family unit, or minimum of 3 bedrooms per family unit in geographic area where Commissioner finds cost levels so require.

⁸ Minimum of 4 bedrooms per family unit in geographic area where Commissioner finds cost levels so require.

B. 3- and 4-family mortgages (new and existing homes)

Federal Housing Administration appraised value (per structure)	3-family				4-family			
	Proposed ¹		Current ²		Proposed ¹		Current ²	
	Maxi- mum insured mortgage	Loan value ratio (percent)	Maxi- mum insured mortgage	Loan value ratio (percent)	Maxi- mum insured mortgage	Loan value ratio (percent)	Maxi- mum insured mortgage	Loan value ratio (percent)
\$10,000 ³ -----	\$9,100	91.0	\$8,000	80.0	\$9,100	91.0	\$8,000	80.0
\$11,000-----	9,850	89.5	8,800	80.0	9,850	89.5	8,800	80.0
\$12,000-----	10,600	88.3	9,600	80.0	10,600	88.3	9,600	80.0
\$13,000-----	11,350	87.3	10,400	80.0	11,350	87.3	10,400	80.0
\$14,000-----	12,100	86.4	11,200	80.0	12,100	86.4	11,200	80.0
\$15,000-----	12,850	85.7	12,000	80.0	12,850	85.7	12,000	80.0
\$16,000-----	13,600	85.0	12,800	80.0	13,600	85.0	12,800	80.0
\$17,000-----	14,350	84.4	13,600	80.0	14,350	84.4	13,600	80.0
\$18,000-----	15,100	83.9	14,400	80.0	15,100	83.9	14,400	80.0
\$19,000-----	15,850	83.4	15,200	80.0	15,850	83.4	15,200	80.0
\$20,000-----	16,600	83.0	16,000	80.0	16,600	83.0	16,000	80.0
\$21,000-----	17,350	82.6	16,800	80.0	17,350	82.6	16,800	80.0
\$22,000-----	18,100	82.3	17,600	80.0	18,100	82.3	17,600	80.0
\$23,000-----	18,850	82.0	18,400	80.0	18,850	82.0	18,400	80.0
\$24,000-----	19,600	81.7	19,200	80.0	19,600	81.7	19,200	80.0
\$25,000-----	20,350	81.4	20,000	80.0	20,350	81.4	20,000	80.0
\$25,625-----	20,800	81.2	20,500	80.0				
\$26,000-----	21,100	81.2	20,500	78.8	21,100	81.2	20,800	80.0
\$27,000-----	21,850	80.9	20,500	75.9	21,850	80.9	21,600	80.0
\$28,000-----	22,600	80.7	20,500	73.2	22,600	80.7	22,400	80.0
\$29,000-----	23,350	80.5	20,500	70.7	23,350	80.5	23,200	80.0
\$30,000-----	24,100	80.3	20,500	68.3	24,100	80.3	24,000	80.0
\$31,000-----	24,850	80.2	20,500	66.1	24,850	80.2	24,800	80.0
\$31,250-----					25,000	80.0	25,000	80.0
\$32,000-----	25,600	80.0	20,500	64.1	25,600	80.0	25,000	78.1
\$33,000-----	26,350	79.8	20,500	62.1	26,350	79.8	25,000	75.8
\$34,000-----	27,100	79.7	20,500	60.3	27,100	79.7	25,000	73.5
\$34,600-----	27,500	79.5	20,500	59.2				
\$35,000-----					27,850	79.6	25,000	71.4
\$36,000-----					28,600	79.4	25,000	69.4
\$37,000-----					29,350	79.3	25,000	67.6
\$38,000-----					30,100	79.2	25,000	65.8
\$39,000-----					30,850	79.1	25,000	64.1
\$40,000-----					31,600	79.0	25,000	62.5
\$41,000-----					32,350	78.9	25,000	61.0
\$42,000-----					33,100	78.8	25,000	59.5
\$43,000-----					33,850	78.7	25,000	58.1
\$44,000-----					34,600	78.6	25,000	56.8
\$44,550-----					35,000	78.6	25,000	56.1

¹ Proposed sec. 203 (b) (2): Not to exceed 95 percent of \$8,000 of appraised value and 75 percent of such value in excess of \$8,000, and not to exceed a mortgage amount of \$27,500 for a 3-family structure, or \$35,000 on a 4-family structure.

² Current sec. 203 (b) (2) (A): Not to exceed 80 percent of appraised value, and not to exceed a mortgage of \$20,500 for a 3-family structure, or \$25,000 for a 4-family structure.

³ Mortgages on 3- and 4-family structures of less than \$10,000 value are eligible for insurance on the basis of the above formulas but have been omitted from these schedules in order to conserve space.

A single statutory maximum mortgage term of 30 years for application to all section 203 mortgages would be provided by the bill as reported, replacing present varying limits ranging from 20 to 30 years.

In many areas, school construction does not keep pace with new homebuilding required to meet the growing population. In some cases where the need for new school facilities is urgent because of a large amount of new home construction in a particular area, interim relief could be provided if builders were permitted temporarily to rent one or more of their houses to local school boards for school classroom use. The bill as reported gives the FHA the discretionary authority to permit this in cases where it deems such action appropriate.

The bill as reported would also modify the section 207 rental housing program of FHA by revising the maximum mortgage amount provisions to remove the present \$10,000 ceiling and to allow mortgage amounts as high as \$2,400 per room (or \$7,500 per unit in projects with less than 4 rooms per unit) in projects of elevator type structures where FHA determines that construction cost levels require such mortgage amounts. These changes would not alter the basic limitation of these mortgages to 80 percent of FHA's estimated value of the property.

The maximum mortgage limits for FHA section 213 cooperative housing would be changed in several regards: (1) Mortgages up to \$25 million would be insurable for mortgagors publicly regulated or supervised as to rents, charges, and methods of operation; (2) increases would be provided in maximum mortgage amounts on a per room and per unit basis (to \$2,250 per room, or \$8,100 per unit for projects averaging less than 4 rooms per unit, with related further increases for veterans' cooperatives); (3) additional increases in maximum mortgage amounts would be permitted with respect to elevator type structures (to \$2,700 per room, or \$8,400 per unit in projects with less than 4 rooms per unit, with related further increases for veterans' cooperatives); (4) mortgage limits would be based upon estimated values of properties instead of replacement cost, as formerly; and (5) uniform rather than graduated veterans' preferential mortgage limits would be made available, but only to projects having at least 65 percent of the membership composed of veterans.

Your committee wishes to emphasize that these, as well as the similar adjustments in the maximum amounts and maturities for other FHA programs, would represent the statutory maximums, but they would not automatically go into effect upon the enactment of the bill as reported. The authority to establish the actual terms under which the FHA would operate would be vested in the President. Testimony received by your committee indicated it is contemplated that the President would, when this legislation is enacted, put into effect a new scale of maximum mortgage loan amounts employing the new authority, but establishing the amounts somewhat below the various maximums permitted by the bill as reported.

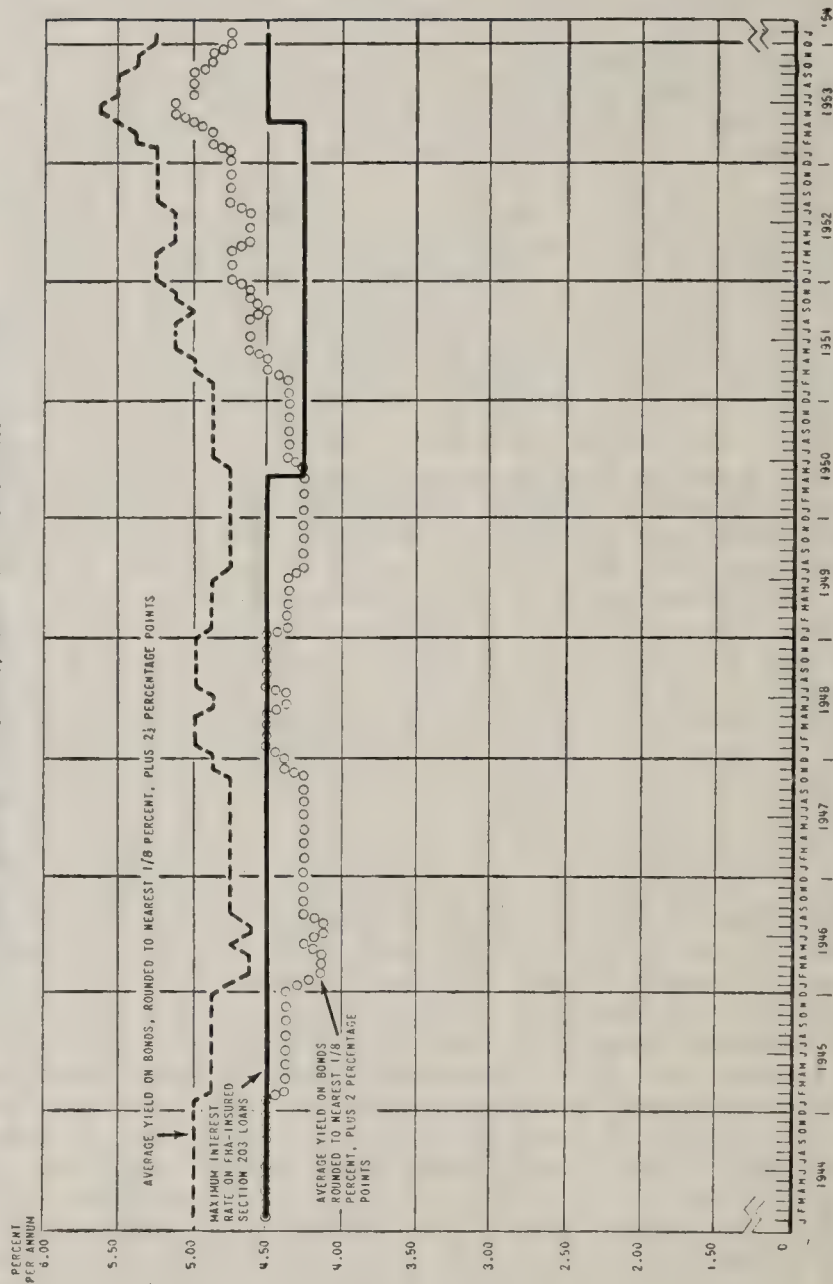
B. FLEXIBILITY IN INTEREST RATES AND OTHER MORTGAGE TERMS

Title II of the bill as reported would authorize the President to establish, after receiving advice from a committee consisting of the Secretary of the Treasury as chairman and the Housing and Home Finance Administrator and the Administrator of Veterans' Affairs, the maximum rates of interest on FHA and VA home loans and to regulate other terms in connection with such mortgages. This authority would permit flexibility in interest rates and other mortgage terms in order to keep pace with the general economic conditions.

The bill as reported provides that maximum interest rates on FHA and VA home mortgages would be established by the President from time to time, on the basis of reviews to be made at his request by the aforementioned committee. Such reviews would be required to cover conditions affecting the mortgage investment market, and to take into consideration conditions in the building industry and the national economy generally. The maximum interest rate could in no event be established at a rate exceeding the average market yield on marketable Government bonds having a remaining maturity of 15 years or longer, plus $2\frac{1}{2}$ percentage points. This provision is not a formula which requires the interest rate to be set at $2\frac{1}{2}$ points above the average yield. It is a ceiling limitation permitting, within that limitation, the essential flexibility required for appropriate adjustment of the interest rate to changing economic conditions. Testimony received by your committee indicated that no increase in the present maximum interest rates is contemplated under present market conditions.

The chart following this paragraph shows the average market yields for the past 10 years on marketable Government bonds having a remaining maturity of 15 years or more, plus 2 and plus $2\frac{1}{2}$ percentage points, as compared with the maximum interest rates in effect on FHA section 203 loans. It is to be noted that a $2\frac{1}{2}$ percentage point spread over the yield on long-term Government bonds would have provided the necessary flexibility to have in effect maximum interest rates on FHA-insured section 203 loans which would be effective in the market. However, it also shows that, if the spread had been only 2 percentage points above the bond yield instead of the $2\frac{1}{2}$ provided by the bill as reported, the interest rate would have been limited to less than $4\frac{1}{2}$ percent in 1946, 1947, and in parts of 1945, 1948, 1949, and 1950. During these periods the maximum interest rate in effect for FHA-insured section 203 loans was $4\frac{1}{2}$ percent. In 1946 and 1947, a 4 percent rate on FHA-insured section 603 home loans under the veterans' emergency housing program was effective in producing an adequate supply of mortgage funds. However, during parts of 1948 and 1949, when a 2 percentage point spread would have precluded a $4\frac{1}{2}$ percent rate on FHA-insured section 203 loans, a lower rate probably would have been inadequate to induce a sufficient supply of funds for such loans. Thus, the 2 percentage point spread would not have provided the necessary flexibility to permit an effective interest rate on FHA-insured loans.

AVERAGE YIELD ON U. S. TREASURY TAXABLE BONDS WITH 15 OR MORE YEARS REMAINING MATURITY ROUNDED TO NEAREST $1/8$ PERCENT,^{1/}
PLUS 2 PERCENTAGE POINTS AND SAME AVERAGE BOND YIELD PLUS $2\frac{1}{2}$ PERCENTAGE POINTS, AND MAXIMUM INTEREST RATES
ON FHA-INSURED SECTION 203 LOANS, MONTHLY 1944 - JANUARY 1954



^{1/} Average from January 1944 through March 1952 based on the mean of daily closing bid and asked prices of all Treasury bonds neither due nor callable for 15 years; April 1952 through January 1953, bonds neither due nor callable for 12 years (average probably differs from .01 to .04 percent from average yield for bonds with 15 or more years remaining maturity); February 1953 through January 1954, average yield based on bonds with 15 or more years of remaining maturity. Beginning with April 1953, yields based on closing bid quotations. Yields computed to first call if bonds selling above par; to maturity if bonds selling below par. Latest figures shown are for January 1954.

Source: Annual Reports of the Secretary of the Treasury and Treasury Bulletins for January 1944 through January 1953; unpublished averages computed by U.S. Treasury Department for February 1953 through January 1954.

The bill as reported would also place authority in the President to establish the interest rates on FHA debentures to be issued in payment of mortgage insurance claims and to establish the maximum financing charges for FHA property improvement and repair loans which are insured under title I of the National Housing Act. The President could also establish maximum fees and charges in connection with FHA- and VA-aided residential mortgage loans, including any special service charges permitted under title II of the National Housing Act. These fees and charges could be established on the basis of factors impeding an adequate flow of credit, and could be established for areas on the basis of their remoteness from sources of credit, as well as the size or other characteristics of mortgages.

Subject to applicable provisions of law, the President would be authorized also to establish maximum mortgage maturities and maximum ratios of loan to value for FHA-insured and VA-guaranteed residential mortgage loans. In the case of loan to value ratios established in connection with loans guaranteed under the Servicemen's Readjustment Act, a minimum preference of 5 percent on the first \$8,000 of value, plus 5 percent of the excess over \$8,000 is required to be maintained.

The bill as reported contains a provision to make clear that action by the President under title II of the bill with respect to mortgage interest rates and terms can in no way impair any rights under existing contracts or commitments.

III. FHA INSURANCE FOR IMPROVEMENT AND CONSERVATION OF EXISTING HOUSING

A. HOME REPAIR AND IMPROVEMENTS

FHA title I loans.—To assist in the improvement and conservation of existing houses, the bill as reported would amend title I of the National Housing Act to increase the maximum insured loan for modernization and repair from \$2,500 to \$3,000 and the maximum maturity from 3 to 5 years. The latter provision would reduce the monthly charges required to carry such loans by about 35 percent. For example, the monthly charge required to carry a \$1,000 loan having a 5-year maturity would be about \$21, as compared with about \$32 in the case of a 3-year maturity.

A related amendment would be made with respect to unsecured loans by Federal savings and loan associations. Under existing law, the associations may invest up to 15 percent of their assets in home repair or improvement loans insured under the FHA title I program or guaranteed or insured under the Servicemen's Readjustment Act or in other unsecured loans for property repair or improvement where the amount of the loan does not exceed \$1,500. The bill as reported would increase this limitation to \$3,000.

Certain changes would also be made with respect to title I loans to finance the improvement or conversion of existing structures used or to be used as dwellings for two or more families. The present maximum of \$10,000 for this type of loan would be changed to \$1,500 per family unit or \$10,000, whichever is the greater, and the maximum maturity would be increased from 7 to 10 years. Testimony presented to your committee indicated that the expanded title I insurance program for

improvement or conversion of multi-family projects is expected to be operated principally as a substitute for insured mortgage financing under other programs in those instances where existing indebtedness precludes the use of regular mortgage insurance programs.

The title I modernization and repair loans must be small and of short term because they are usually unsecured character loans, and the insurance of loans meeting the specified standards must be more or less automatic. The result, of course, is that the title I home modernization and repair loan program, while most useful and helpful in financing relatively less costly home repairs and improvements, is of limited assistance to families of modest income who need to finance major home improvements or modernization work. Assistance for such work, therefore, must be on a relatively long-term mortgage loan basis which permits lower monthly carrying charges.

In connection with its title I home repair and improvement program, the FHA presently requires, as an administrative limitation, that any such improvement must be located within the boundary lot lines of the property. A special situation has come to the attention of your committee in which this administrative limitation results in unusual hardship. In some communities homeowners are required by State and local law or codes and regulations to maintain their sewer lines beyond the boundaries of their lots to the point of their connection with the public sewer system. In cases where the individual homeowner's sewer line breaks, the necessary repairs can be financed with an FHA title I loan if the break happens to occur in the portion of his line located within the boundaries of his lot. However, if the break occurs in the portion of his sewer line located outside the boundaries of his lot, he cannot secure a title I loan to finance the needed repairs even though he is required by law to maintain that portion of his line and to make the repairs. Your committee is of the opinion that in such cases the present FHA administrative limitation works an unreasonable hardship upon the individual homeowners and should be waived.

Open-end mortgages.—As a further aid in financing needed home additions or improvements, the bill as reported would authorize FHA insurance of advances to a mortgagor made pursuant to provisions in an open-end FHA insured home mortgage. Open-end mortgages are mortgages which provide that the outstanding balance can be increased in order to advance additional loan funds to a mortgagor for improvement, alteration, or repair of the home covered by the mortgage without the necessity of executing a new mortgage. Your committee has been advised that in States where these mortgages can be used effectively, they eliminate the expenses of title search and recordings otherwise required in connection with placing a new mortgage for the additional loan funds. Also, it permits the homeowner to borrow for the improvements at the low rate of interest prescribed in the mortgage and generally for a longer term than otherwise available. The bill as reported would authorize the Federal Housing Administration to insure open-end mortgages only with respect to dwellings for four families or less. The Federal Housing Administration has advised that in administering this authority, it would perform whatever appraisal, credit analysis, and property inspections as may be necessary to assure the adequacy of the security to sustain the increased insurance liability, and that charges for use of the open-

end provision will be computed to cover both processing cost and insurance risk.

Your committee wishes to point out that the mere enactment of this authority will not automatically make it operate effectively, and that a great deal of work and study, both within and without the Government, must be done to assure that it operates effectively and that housing consumers have an opportunity to obtain its full advantages. The Federal Housing Administration must take affirmative action to see that purchasers under insured mortgages are given this opportunity wherever possible under the laws of the particular State.

Under existing provisions of the Servicemen's Readjustment Act relating to the VA home loan guaranty program, open-end mortgage provisions may be utilized for home repairs or improvements, but additional guaranty coverage of the advances made under open-end mortgages is available only to the extent that the veteran has unused guaranty entitlement available. This is due to the fact that the Veterans' Administration cannot extend guaranty coverage comparable to the proposed FHA program without a change in the existing statute, since the \$7,500 entitlement currently available to veterans under section 501 (b) of the act is restricted to loans for the purchase or construction of residential property to be occupied by the veteran as his home. Consequently, additional entitlement for supplemental loans for the alteration or improvement of the veteran's home is available only if he used less than \$4,000 of his entitlement in connection with the purchase or construction of his home. Testimony was presented to your committee to the effect that in recent years most veteran home purchasers have used at least \$4,000 of their entitlement in connection with the original purchase of the home, and, accordingly, have no entitlement available for alteration or improvement advances.

The bill as reported includes provisions to correct this situation by removing the existing limitation on the use of the currently authorized \$7,500 maximum by a simple amendment to section 501 (b) of the Servicemen's Readjustment Act of 1944, as amended (thus permitting the \$7,500 maximum to apply to loans for alterations, improvements, and repairs, as well as the purchase and construction of residential property), and by removing the April 20, 1950, date limitation.

FHA title I program and the open-end mortgage.—In view of the fact that the bill as reported contains a provision authorizing the FHA to insure the advances under the so-called open-end mortgage, your committee deems it advisable to show the difference between the open-end mortgage and the alteration, repair, and improvement insurance program under FHA title I. The FHA title I alteration, repair, and improvement insurance program has been in effect since the inception of FHA and is designed to provide a method of financing alteration, repair, and improvement loans which are not secured by a lien on the property involved. These loans have been short term in character and the average loan has been approximately \$570. This program offers homeowners an opportunity to secure this type of financing at reasonable costs.

The open-end mortgage is designed to permit homeowners to use the equity in their home as a basis for financing alterations, repairs, and improvements to their homes upon a more reasonable basis than otherwise would be required if it were necessary to refinance the entire mortgage in order to obtain the required loan funds. Although the

authority for and the limitations of the open-end mortgage are determined by the laws of the individual States, a hypothetical example of the operation of the open-end mortgage would be as follows: A owns a home valued at \$15,000 upon which there was an original mortgage for \$12,000 containing an open-end provision permitting the mortgage to serve as a lien upon the property for future advances by the mortgagee to the mortgagor in an amount (including the then outstanding principal of the mortgage) not exceeding the original mortgage amount of \$12,000. If the mortgagor had paid down his mortgage loan to \$8,000 and required \$3,500 to add an additional bedroom or bedrooms or to make other improvements or repairs to his property, the open-end mortgage would authorize the mortgaged property to serve as collateral for the amount of the advance plus the then unpaid principal, or \$11,500. By using the open-end mortgage the mortgagor could finance this \$3,500 loan at a much more reasonable cost than would be required if he otherwise had to refinance his whole loan. This saving would be obtained principally through a reduction in the cost of title search and title insurance, and recordation fees. In addition the mortgagor would be able to amortize the \$3,500 loan at a reasonable monthly cost because the loan would carry the same rate of interest as the original mortgage loan and the term of the loan could run for the unexpired period of the term of the original mortgage. There may be cases in which a homeowner could use either the FHA title I program or the open-end mortgage in financing loans for the alteration, repair, and improvement of his property. The factors which a homeowner should review in determining which to use would be normally (1) the size of the loan required, (2) the purpose for which the loan is required, (3) the estimated life of the improvement, and (4) the difference in financing costs.

The committee desires also to point out that at the present time homeowners who own their property clear of any lien and who desire to make improvements or repairs to their property can either use the FHA title I program or obtain a mortgage loan upon their property. In determining which course to pursue such homeowners are now governed by the factors enumerated above.

B. REHABILITATION UNDER MORTGAGE INSURANCE PROGRAMS

Section 203 mortgage insurance.—As previously indicated, the bill as reported would increase insured maximum mortgage amounts and terms for existing houses to the terms and amounts applicable to new housing. The elimination of this disadvantage to mortgages on existing houses would provide an incentive to rehabilitation and conservation. Thus, it could be of assistance to families wishing to enlarge or modernize their homes. It could also be of important assistance to the rehabilitation of homes for sale.

These increases in mortgage amounts for existing houses can permit families to purchase homes better suited to their needs. For example, a newly constructed house with 2 bedrooms and an older house with 3 bedrooms may both be appraised at \$8,000. Under the existing law, the FHA may insure a loan of \$7,350 on the newly constructed house, so that a family could purchase it with a downpayment of \$650. However, on the older house, even though the appraised value is the same, the FHA could not insure a loan of more than \$6,400. The

family purchasing the older house would have to make a downpayment of \$1,600—\$950 more than would be required to purchase a new house with the same value. In such a case, it could well be that the older house with 3 bedrooms would better meet the needs of a particular family than the newly constructed 2-bedroom house, but solely because of the much larger downpayment required, the family might choose to purchase the new 2-bedroom house.

Again, take the case of an existing house valued at \$6,000 which with the addition of a bedroom and the modernization of the kitchen would be worth \$8,000. Since FHA presently could not insure a loan of more than \$6,400, a family purchasing the house and making the additions and improvements would have a cash outlay of \$1,600 as compared to \$650 for the purchase of a new house of the same value.

Section 207 insurance in blighted area.—To assure that the section 207 rental housing program may be available for rehabilitation of existing structures in blighted areas, the bill as reported contains a provision making clear that nothing contained in that section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas. The Federal Housing Commissioner would be authorized to require such repair or rehabilitation work to be completed as he believes necessary to remove conditions detrimental to safety, health, or morals.

New sections 220 and 221 insurance programs.—The new FHA section 220 and section 221 programs provided in the bill as reported would also assist in the improvement and conservation of our existing housing supply. These sections would authorize mortgage insurance to assist in financing the rehabilitation of existing dwellings as well as the construction of new dwellings in connection with slum clearance and urban renewal undertakings. Both of these new FHA insurance programs are discussed under the following heading.

IV. NEW SECTIONS 220 AND 221 FHA PROGRAMS

New sections 220 and 221 would be added to the National Housing Act to authorize FHA mortgage insurance to assist in financing the rehabilitation of existing dwellings as well as the construction of new dwellings in connection with slum clearance and urban renewal undertakings contemplated by title IV of the bill as reported. As stated earlier in this report, before either of the two programs could be used in a locality, the Housing Administrator would have to certify that the locality has an approved workable program for eliminating and preventing slums and urban blight. However, the bill provides that section 221 mortgage insurance may be made available in a community where an urban redevelopment project is underway at the time of the enactment of the Housing Act of 1954, even though the community has not yet developed a workable program and otherwise met the requirements for urban renewal projects. An urban redevelopment project now underway could be continued under the law in effect prior to the enactment of this bill.

Section 220.—This section would authorize the insurance of mortgages financing the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations within an urban renewal area. An "urban renewal area" is defined as a

blighted, deteriorated, or deteriorating urban area which is appropriate for an urban renewal project under title IV of the bill as reported.

Before issuing any commitments to insure mortgages under section 220, the Federal Housing Commissioner must be satisfied that there is a specific program of redevelopment or rehabilitation and conservation for a "delineated area" which will be effective in restoring the quality of that area to a condition which would justify mortgage insurance, and that there exists the necessary authority and financial capacity in the community to carry out the established program. The "delineated area" could be all or part of the urban renewal area, and the specific program of redevelopment or rehabilitation and conservation could be the urban renewal plan for the area.

Maximum mortgage insurance terms under section 220 would generally be consistent with section 203 for small properties, and with section 207 for projects of 12 or more units, with 2 exceptions: (1) In order to provide a full range of coverage for the various types and sizes of properties likely to be found in such areas, home mortgage terms will be available for structures with from 1- to 11-family dwelling units, instead of the section 203 limitation of 1- to 4-family units. (2) Multifamily project mortgages, meeting maximum dollar limitations, could be as high as 90 percent of value in all cases.

The new FHA section 220 mortgage insurance is available only for housing located within an urban renewal project area as defined in title I of the Housing Act of 1949, as amended by title IV of this bill as reported. Section 105 (c) of title I of the Housing Act of 1949, as amended, requires that with respect to any urban renewal project there must be a feasible method for the temporary relocation of families displaced from the project area, and that there are or are being provided, in the project area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families, and reasonably accessible to their places of employment. Thus no FHA section 220 project can be carried out unless there is being provided adequate housing for the families who will be displaced from the urban renewal area in which such project is to be located. The new FHA section 221 mortgage insurance program would implement the relocation requirements of section 105 (c) of title I of the Housing Act of 1949, as amended, by affording an additional means of providing adequate housing in the community for families being displaced by urban renewal activities, and those families, of course, have a first preference to buy or rent any such section 221 housing.

Section 221.—This new section is designed to assist in financing low-cost housing for families displaced as the result of slum clearance or other governmental action. The locality must have requested that this program be made available in the community. The total number of dwelling units in properties covered by mortgages insured under section 221 could not exceed the total number of such dwelling units which the Federal Housing Commissioner determines to be needed

for the relocation of displaced families who would be eligible to obtain the benefits of the insurance under this section.

Eligible displaced families would include families which are required to move because of any form of governmental action, such as land acquisition by a public body, closing or vacating of dwellings by public officials, or the eviction of families from public housing because of their incomes or for other reasons.

Some of these displaced families would be able to find decent homes in existing or new housing in the community, but many of them, because of their low income, would not. Section 221 is designed to bring privately financed housing within the reach of at least some portion of these families by applying the FHA mortgage insurance system on the most liberal terms deemed feasible and on a frankly new and untried basis.

The maximum mortgage under section 221 would be \$7,600 per unit, or up to \$8,600 in high cost areas. The maximum term would be 40 years and the mortgage insured by FHA could be as high as 100 percent of value. However, a minimum cash outlay of \$200 would be required, which could include closing costs. The properties covered by the insured mortgages under section 221 could be single-family homes newly constructed or rehabilitated for sale to eligible displaced families, or they could be projects of 10 or more units (not necessarily contiguous) rehabilitated by private non-profit organizations for rent to such families. Mortgage financing would also be available for single-family homes built or acquired and repaired or rehabilitated for sale in amounts not to exceed 85 percent of value, to assist in the construction or repair and rehabilitation and provide financing pending subsequent sale to a qualified owner occupant.

To encourage private funds for section 221 projects, one of the terms of the insurance contract would provide that if the mortgage is in good standing at the end of 20 years, the mortgagee would have the option to assign the mortgage to FHA and receive in exchange debentures for the unpaid principal balance of the mortgage.

V. OTHER FHA PROVISIONS

A. INSURANCE AUTHORIZATION

The bill as reported would consolidate into a single authorization all existing mortgage insurance authorizations with respect to all FHA programs, except the home modernization and improvement program under section 2 of title I of the National Housing Act. Testimony indicates that this would simplify operations under the present several separate insurance authorizations, and establish at all times the amount of the current mortgage insurance authority for all programs. The bill as reported provides that the total authorization shall not exceed the estimated amount of insurance in force and commitments outstanding as of July 1, 1954, plus \$1½ billion, except that with the approval of the President such total authorization could be increased by amounts up to a total of not to exceed \$500 million. According to the estimates of FHA, the \$2 billion additional authorization provided for in this bill would be sufficient, with a reasonable

margin of safety, to permit FHA to continue its operations without interruption until June 30, 1955.

B. CHANGES IN MUTUAL MORTGAGE INSURANCE SYSTEM

The bill as reported would modify the mutual mortgage insurance system in order to increase the strength of the mutual mortgage insurance fund as a protection against the contingent possibility of payment of FHA debentures by the Treasury. This system is used to carry out the section 203 insurance program for 1- to 4-family home mortgages. Fundamentally, the changes made by the bill as reported would combine the independent resources of the 192 individual active group accounts in the present system into a single reserve system consisting of a general surplus account and a participating reserve account. Funds could continue to be distributed to terminating mortgagors from funds in the participating reserve account.

Under the present system, only the resources of the general reinsurance account stand between a deficit in liquidation of insurance for a single year's mortgages in a particular group account and a call upon the Treasury for redemption of debentures issued. The provisions in the bill as reported would make all the existing resources of the mutual mortgage insurance system available for redemption of maturing debentures before a call to the Treasury would be necessary.

C. MISCELLANEOUS

The bill as reported contains a number of other amendments of the National Housing Act which would transfer and consolidate or terminate certain insurance programs and make technical changes and refinements in programs.

Under the bill as reported, the present section 8 mortgage insurance program for the financing of low and moderate income housing, particularly in suburban and outlying areas, would be absorbed into the section 203 program. This would include authority to permit a service charge for small loans such as has been applicable under section 8.

The bill would terminate the insurance program under section 8 of title I of the National Housing Act which was designed to assist in providing adequate housing for families of low and moderate incomes, particularly in suburban and outlying areas where it was not practicable to attain conformity with many of the requirements essential for the insurance of mortgages on housing in built-up urban areas. This program was first enacted in 1950. In lieu of providing for a separate insurance program of the section 8 character the bill consolidates the section 8 program with the section 203 FHA program. In the testimony received by the committee on this subject fear was expressed by some that the section 8 program as proposed to be consolidated with the section 203 program would not be administered in the manner in which section 8 is presently administered and that the type of construction in the areas served by the section 8 program would suffer as a consequence. In this connection your committee wishes to make it crystal clear that the consolidation of the section 8 program into the FHA section 203 program is not to hinder the purposes and objectives of the present section 8 provisions and is to be administered in the same manner as the present section 8 program. There is a substantial

need for the section 8 type of home in many outlying and rural areas and the committee emphatically believes that these needs should continue to be met.

In its consideration of overall housing needs the attention of your committee has been brought to difficulties that had been experienced in obtaining FHA insurance on outlying properties. The committee recognizes that sound underwriting procedures must be followed by FHA in arriving at property valuations. At the same time the committee recognizes, however, that changes are taking place in the urban housing field, particularly in the extension of housebuilding out into the country along arterial highways. The committee is of the opinion that the FHA should recognize the changes that do occur and which may properly be reflected in sound underwriting practices.

Under existing law there is statutory authority for a service charge in addition to the insurance premium and interest charge on mortgages insured by FHA under section 8 of title I. As previously noted, this section 8 small home insurance program is to be integrated with the FHA section 203 insurance program. A service charge was permitted in connection with a section 8 mortgage because of the modest amount of the mortgage and because of the higher cost incident to the fact that many of these mortgages were written on properties in outlying areas. The bill as reported would permit a service charge on section 203 mortgages. It is the opinion of your committee that if a service charge is permitted to be collected in addition to the interest and insurance premium charges on such insured mortgages, the service charge should only be permitted in connection with lower cost homes similar to the present section 8 FHA insured mortgage program. In this connection, the committee calls attention to the fact that section 201 (4) of the bill as reported gives the President specific authority to set the maximum for any special service charge permitted.

Representatives of the American Hotel Association in testifying before the committee again called the attention of the committee to the competition which some of their members are experiencing from the renting on a transient basis of housing accommodations insured by FHA. They informed the committee that in some cases operators of insured rental projects had obtained a city hotel license and were actually reserving some of the accommodations for rental only on a transient basis. It has never been the intention of the committee that FHA should insure hotel accommodations and your committee desires to reiterate its intention at this time. The rental insurance programs of the National Housing Act are designed to provide rental accommodations for family use. The mortgage loans insured are amortized by monthly payments of principal and interest derived from monthly rental income. A project is not insured unless the FHA has determined there is an adequate need for such accommodations in the community. The programs are not designed to cover hotels, nor is the insurance of hotel properties permitted. The fact that a project has been insured should therefore be a prohibition to rental on a transient basis.

Your committee has given serious consideration to this problem and finds that there is presently adequate authority in the law for the FHA to impose controls in connection with future mortgage insurance contracts which will prevent family accommodations being rented to transients. It is the intention of your committee that the FHA

impose such controls. With respect to housing covered by mortgage insurance contracts previously entered into, it is the intention of your committee that the FHA take firm action to obtain full compliance with such contracts as have been imposed for this purpose in those contracts, making such investigation and taking such other enforcement action as may be required.

Also, a new section 222 would be added to the National Housing Act which would authorize insurance under sections 203 or 207 of (1) all classes of mortgage insurance transactions presently authorized under section 610 for the insurance of mortgages financing the sale of publicly owned housing, (2) refinancing mortgages under sections 608, 903, and 908, and (3) mortgages assigned to the FHA Commissioner or acquired by him in the sale of acquired properties.

The bill, as reported, would also terminate the FHA insurance programs for farm-housing mortgages (sec. 203 (d)), prefabricated housing loans (sec. 609), construction loans for groups of single-family houses for sale (sec. 611), and the title VII program for insurance of the yield on equity investments in rental housing. The programs which would be terminated are virtually inoperative.

VI. SECONDARY CREDIT FACILITY FOR HOME MORTGAGES—FNMA

Title III of the bill as reported would recharter the Federal National Mortgage Association with substantial changes in its authority and with provision for the eventual substitution of private capital for Government investment in its secondary market operations.

A. CAPITALIZATION OF FNMA

Under the bill as reported, FNMA would issue nonvoting capital stock. The initial issuance of stock would be subscribed for by the Secretary of the Treasury in an amount equal to the sum of the present capital stock of the existing FNMA and its paid-in surplus, surplus, surplus reserves, and undistributed earnings as of the close of a cutoff date to be within 90 days following the effective date of the bill as reported. Testimony indicated that this bill will amount to approximately \$70 million. The Secretary of the Treasury would be entitled to receive cumulative dividends on the capital stock held by him for each fiscal year from the date the capital represented by the stock is utilized until it is retired, at rates determined by him at the beginning of each fiscal year, based on the current average interest rate on outstanding marketable Government obligations.

The bill as reported would also provide for capital funds from private sources. This private capital would be obtained only in connection with the secondary market operations of FNMA and would be available only for such operations. In its secondary market operations, the FNMA would require each mortgage seller to make payments of nonrefundable capital contributions of not less than 3 percent of the unpaid principal amount of the mortgages involved in any purchases or contracts for purchases. Convertible certificates would be issued to each mortgage seller evidencing the capital contributions made by the seller. These convertible certificates would not bear interest, nor would any dividends be payable to the holders thereof. After all of the outstanding capital stock held by the Sec-

retary of the Treasury is retired and the Association has repaid all its obligations under the secondary market operations to the Treasury, these certificates would be convertible (on conditions imposed by the Association) into capital stock of equal par value.

After all the stock held by the Secretary of the Treasury is retired and the Secretary holds no obligations of the Association, FNMA would be authorized to issue stock directly to mortgage sellers. The board of directors would be given power to declare dividends at a rate not to exceed in any year 5 percent of the par value of outstanding stock.

FNMA would also be authorized to impose charges or fees for its services. Earnings would be transferred annually to a general surplus account. Provision would also be made for the establishment of reserves. The capital stock held by the Secretary of the Treasury would be retirable from funds of the capital surplus and the general surplus accounts. Except as to stock held by the Secretary of the Treasury, capital stock would not be retirable if, as a consequence, the amount remaining outstanding would be less than \$100 million.

As soon as possible after all the capital stock of the Association held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator would be required to transmit to the President for submission to Congress recommendations for legislation to transfer the assets and liabilities of the Association in connection with, and the control and management of its secondary market operations, to the private owners of the outstanding capital stock.

B. FUNCTIONS OF FNMA UNDER ITS NEW CHARTER

Under its new charter the Federal National Mortgage Association would have three distinct and entirely separated functions—

- (1) provision of assistance to the secondary market for FHA-insured and VA-guaranteed home mortgages in order to furnish additional liquidity for mortgage investments and thereby improve distribution of mortgage investment funds,
- (2) direct Government assistance for certain types of these mortgages, or for such mortgages generally if necessary to retard or stop a decline in home-building activities which threatens the stability of a high level national economy, and
- (3) management and liquidation of the mortgages held in the portfolio of the present Federal National Mortgage Association.

To carry out these three functions, FNMA would be authorized, subject to the limitations prescribed by the bill, to purchase, service, or sell home mortgages insured by the Federal Housing Commissioner or guaranteed or insured by the Administrator of Veterans' Affairs. No mortgage could be purchased at a price exceeding 100 percent of the unpaid principal amount of the mortgage, nor if the original principal amount thereof exceeded \$15,000 for each family dwelling unit.

1. Secondary market functions

Under the bill as reported, the secondary market operations of FNMA would be confined, so far as practicable, to mortgages which are deemed to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage

investors. No mortgage could be purchased in these secondary market operations if it was insured or guaranteed prior to the effective date of the Housing Act of 1954. FNMA's activities would have to meet two principal objectives: First, to avoid excessive use of its facilities. Second, that its secondary market operations should be wholly self-supporting. Your committee believes that these functions should constitute a true secondary market, with FNMA purchasing only those mortgages which are generally marketable, and otherwise carrying on a business-type operation.

FNMA would be prohibited from purchasing any participations or making advance commitments in connection with its secondary market functions, except that, in the discretion of the Board of Directors, it could make commitments for purchase of an amount of mortgages equal to an amount of mortgages which FNMA sold to the lender to whom the advance contract would be issued.

To carry out its secondary market operations, FNMA would be authorized to issue, with the approval of the Secretary of the Treasury, obligations for sale to the investing public. The aggregate amount outstanding at any one time could not exceed 10 times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings. At the time of issuance, the total of obligations could not exceed the amount of the cash, mortgages, and Government bonds held by FNMA in connection with its secondary market operations. Such obligations would not be guaranteed as to principal or interest by the United States.

The Secretary of the Treasury would be authorized, in his discretion, to purchase the secondary market obligations of the Association, but his holdings could not at any time exceed \$500 million plus an amount equal to a total of the reductions in the amount of the existing FNMA portfolio which FNMA would be liquidating, or, in any event \$1 billion. This authority of the Secretary of the Treasury would terminate when all of the capital stock held by the Secretary of the Treasury had been retired. This provides for Treasury backstop of FNMA debentures to be issued to the investing public, although it is believed that resort to Treasury borrowing should not be necessary.

The Association would be required to pay annually to the Secretary of the Treasury an amount equal to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes as to its secondary market operations.

2. Special assistance operations

The bill as reported would provide that the President, after taking into account conditions in the building industry and the national economy and conditions affecting the home-mortgage investment market, may authorize FNMA to make commitments to purchase, and to purchase such types, classes, or categories of home mortgages as he may determine. The funds required to carry out these special-assistance operations would be obtained entirely from Treasury borrowings.

Two methods of special assistance are authorized:

First, FNMA could purchase and make commitments to purchase such home mortgages and participations therein, but the total thereof could not exceed \$200 million outstanding at any one time.

Second, FNMA could be authorized to enter into commitments to make immediate cash participations in mortgages and to make related deferred participation agreements. The deferred participation agreements could be made only on the basis of its purchasing an immediate cash participation of a fixed 20 percent undivided interest in a mortgage and a related deferred participation agreement to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of a default. The total amount of such immediate cash participations—not including the amount of any related deferred participation agreements or purchases pursuant thereto—could not exceed \$100 million at any one time. The \$100 million limitation would relate to immediate purchase of a fixed 20 percent undivided interest in each mortgage, with purchase of the remaining interest in the event of default being excluded from such dollar limitation. Thus, the \$100 million authorization would permit such special assistance to cover a total of not exceeding \$500 million in mortgages.

One type of mortgage for which the special assistance of FNMA would be made available, if necessary, is the new section 221 FHA insured mortgage (authorized in title I of this bill as reported) covering low-cost housing for families displaced by urban renewal and other Governmental activities.

3. Management and liquidating functions

Provision would be made in the bill as reported for the management and liquidation by the newly chartered FNMA of the present mortgage portfolio held by the existing FNMA. These provisions are designed to avoid disruption of the home mortgage market and loss to the Treasury. At the same time, the burden on the Treasury required by the carrying of the present portfolio would be reduced by permitting the substitution, as rapidly as practicable, of private financing for outstanding Treasury borrowings.

To assure maximum private financing to carry the mortgages held in the present portfolio, FNMA would be authorized, with the approval of the Secretary of the Treasury, to issue obligations for sale to the investing public. Such obligations would not be guaranteed as to principal or interest by the United States. The total of such obligations could not exceed the amount of the cash, mortgages, and Government bonds held by FNMA in connection with these management and liquidating functions. The proceeds of any private financing would be paid to the Secretary of the Treasury in reduction of the present outstanding indebtedness of FNMA to the Secretary. FNMA would also be authorized to issue its obligations to the Secretary of the Treasury in sufficient amount to carry out its functions in this connection. However, the maximum amount of obligations which could be issued to the Treasury could never increase beyond the limit of \$3,350 million to accommodate the present portfolio and outstanding commitments for which authority already exists. Provision would also be made for the progressive reduction of this maximum amount by the amount of cash realizations from the liquidation of the portfolio, with the objective that the entire investment of the Treasury shall be eliminated as promptly as practicable.

The bill as reported provides that, after a cutoff date which must be not more than 90 days after this legislation becomes effective, no

mortgage shall be purchased by FNMA under the section relating to its management and liquidation functions except pursuant to a contract or commitment to purchase the same made prior to such cutoff date. In the early part of the defense mobilization program, FNMA set aside certain of its funds for the purchase of mortgages covering defense housing programed by the Housing and Home Finance Administrator within certain specified dates. When FNMA was subsequently given authority to make advance contracts or commitments to purchase mortgages covering programed defense housing, it was not required that any mortgages covered by these earlier setasides obtain advance commitments. However, under the above provisions of the bill as reported, any such mortgages would either have to be purchased by FNMA before the cutoff date or covered by advance commitments made before the cutoff date; otherwise FNMA could not, under the section relating to its management and liquidating functions, purchase any such mortgages.

VII. SLUM CLEARANCE AND URBAN RENEWAL

A. CHANGES IN TITLE I OF THE HOUSING ACT OF 1949

Title IV of the bill as reported would broaden the present program of the Housing Agency under title I of the Housing Act of 1949 by providing for Federal assistance for urban renewal which could cover not only slum clearance and urban redevelopment but rehabilitation and conservation of blighted and deteriorating areas. Your committee believes that this major change of emphasis would provide a much more realistic and effective approach toward eliminating and preventing the development and spread of slums and urban blight. It would permit an attack on the cause as well as the symptoms of the trouble. Under the bill as reported, projects could be assisted which include not only slum clearance but rehabilitation in broader neighborhoods or areas which may be deteriorated but are still suitable for conservation measures.

The enlargement of the project area to cover an urban renewal area—which may be an entire neighborhood or a very large deteriorated area—would result in an expansion of the site improvements and facilities required for the larger area. Streets, utilities, parks, playgrounds, and other site improvements and public facilities when undertaken by the local public agency in order to accomplish the urban renewal objectives could be eligible under the Federal finance contract.

The cost of additional facilities and activities which are required to make possible sound clearance and redevelopment, or neighborhood restoration and renewal, and which are provided by the local community would, of course, be included as gross project costs. Thus, for example, the gross project cost—which determines the amount of the Federal expenditure—would include, in addition to costs in connection with planning and carrying out slum clearance and redevelopment as now authorized in the law, public expenditures in connection with:

1. Carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;

2. Acquisition of real property and demolition or removal of buildings and improvements, and disposition of property in the broader urban renewal area where necessary to eliminate unhealthful, unsanitary, or unsafe conditions, lessen density, eliminate obsolete or detrimental use, or to otherwise remove or prevent the spread of blight or deterioration; and

3. Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements which are necessary for carrying out the urban renewal plan.

The bill as reported would make ineligible, for inclusion as local grants-in-aid, revenue-producing public utilities the capital cost of which is financed by service charges or special assessments. Your committee felt, for example, that if a community constructed new water mains required to serve or support an urban renewal project, but would eventually recapture the costs of such construction from service charges or special assessments against the users of that facility (as distinguished from general taxes or charges assessed against all property in the locality), such work should not be eligible for inclusion as part of the local grants-in-aid which the community is required to make.

It should be pointed out that in many cases, rehabilitation of dwellings alone would not reestablish a deteriorated area as a sound neighborhood, as older deteriorated neighborhoods frequently are characterized by the poor condition of their streets and alleys, the lack of adequate sewers, poor lighting, the almost complete lack of playgrounds, parks, or other open spaces, and by old and inadequate school buildings. Parks, playgrounds, and other recreation areas are thus essential to the reestablishment and maintenance of healthy neighborhoods. Also, streets, alleys, sidewalks, street lights, and other improvements must be restored and rehabilitated to meet modern needs in order to achieve sound and lasting rehabilitation and conservation objectives.

Under the present law, where a public facility primarily serves the redevelopment project area, the Housing Administrator is authorized to permit its entire cost to be counted as a local grant-in-aid even though it serves other areas to some extent. Also, under the present law, where it directly serves both the project area and other areas, the Administrator may provide, in computing the local grant-in-aid, for an appropriate apportionment of cost. There is at present no statutory guide, other than general guides such as the use of the word "primarily," for determining when the cost will be apportioned. The administrative rules which have been in effect in this respect required apportionment and inclusion as a local grant-in-aid of only the apportioned cost of any such public facility in cases where the degree of the benefits to areas outside the project area amounted to one-third or more of the total benefits. The bill as reported would remove this from the area of administrative regulation by making such apportionment mandatory in all cases where the degree of the benefit to areas outside the urban renewal area is estimated at 20 percent or more of the total benefits derived from the facility.

Under the provisions of existing law, an urban redevelopment project consisting of open land must be developed for predominated residential use.

The bill as reported by your committee would permit the property in an urban renewal project to consist entirely of open land to be developed for nonresidential use, where such land, because of obsolete platting, diversity of ownership, or other reasons, substantially impairs or arrests the sound growth of the community.

No provision is included in the bill as reported for increasing the present authorization for loans or capital grants under title I of the Housing Act of 1949. Testimony of representatives of the Housing Agency was to the effect that the broadened program of Federal assistance provided in the bill as reported could be initiated and carried out during the coming fiscal year without any additional authorization.

B. FHA ASSISTANCE FOR URBAN RENEWAL

The new sections 220 and 221 FHA mortgage insurance programs which would be authorized by this bill as reported (title I) are closely related to and are intended to supplement the provisions in the bill for urban renewal. The provisions of the section 220 program should provide a stimulus to local community action and encourage the support of builders, lenders, and others in the rehabilitation of blighted areas.

The proposed section 221 FHA program should be particularly helpful in facilitating urban renewal programs in many communities by providing housing for many of the families displaced from their homes as a result of urban renewal activities. The enforcement of local housing codes to reduce over-occupancy, the rehabilitation of housing, the clearance of slum areas, and other renewal activities generate needs for housing for relocation purposes. The relocation needs of the low-income families, particularly the minority group, are particularly acute and require special provisions.

Your committee also calls attention to the fact that the inclusion of the provision that no contract for a loan and grant for any slum clearance and urban renewal project may be made unless the community concerned has presented to the Administrator, and the Administrator has approved, a workable program for dealing with the entire problem of urban slums and blight, including appropriate local codes and regulations relating to housing occupancy standards and adequate administrative machinery for the enforcement of such local codes and regulations, should have the effect of reducing the income in connection with properties in urban renewal areas to the extent that it is derived from illegal uses. Where the capitalized income from the particular property is a determining factor in the establishment of its value, this would mean that the acquisition cost would be lowered and, in turn, the amount of both the Federal and local grants would be lower than otherwise would be the case.

C. WORKABLE LOCAL PROGRAM REQUIRED

Your committee believes that the problem of eliminating urban slums and blight, while national in scope, is essentially a local problem. The basic responsibility for its solution should rest with the local community, and, Federal assistance is justified only if the community is willing to face up to the problem of neighborhood decay and to undertake programs directed to its prevention.

Accordingly, the bill as reported provides that local community must present a workable program to the Housing Administrator for eliminating and preventing slums and urban blight, and the Administrator must have approved the local program before Federal aid will hereafter be made available to the community for—

(1) Slum clearance and urban renewal under title I of the Housing Act of 1949, as amended;

(2) Low-rent public housing under the United States Housing Act of 1937, as amended; and

(3) Rehabilitation of housing or the construction of new housing under the two new FHA programs provided by the bill as reported (sections 220 and 221 of the National Housing Act), except as to section 221 housing in communities having existing urban redevelopment projects.

The local program must provide for utilizing appropriate private and public resources, and must include an official plan of action for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods.

This workable program requirement is designed to stimulate and encourage the community to undertake to develop better and more up-to-date codes and regulations and vigorous, effective enforcement of those codes in an effort to see that its housing is brought within at least minimum decent standards. It should stimulate and encourage the community to undertake positive measures to bring about the conservation and rehabilitation of neighborhoods and areas that are economically sound and worth saving in order to prevent the creation of new slums, and to see that practical steps are taken to assure adequate rehousing and fair treatment for families who may be displaced by subsequent clearance or rehabilitation operations.

Once the community has presented a workable plan, the Federal Government would be authorized to make available its assistance. The slum clearance and urban renewal program could be made available to help clear slums and rehabilitate neighborhoods; the low-rent public-housing program could be operative to help house displaced low-income families; and the FHA section 220 and 221 programs could provide assistance for rebuilding cleared areas and an opportunity for housing displaced families through home purchases and lease-purchase arrangements.

D. SAVINGS PROVISION

Some time must elapse after enactment of this legislation before local communities would be prepared to undertake urban renewal projects, as they would have to perform considerable preparatory work and readjust their activities to the needs of the new program. Many local communities are presently carrying out slum clearance and urban redevelopment projects under the existing slum clearance and community redevelopment legislation. Your committee feels that they should be permitted, if they desire, to complete such projects under the provisions of the Federal law in force when they commenced such projects. In view of these considerations, a provision has been included requiring the Housing Administrator, with respect to any project covered by any Federal-aid contract executed before the effec-

tive date of this bill, as reported, to extend financial assistance for the completion of such project, where requested by the local public agency, in accordance with the provisions of applicable law in force immediately prior to the effective date of the bill.

E. URBAN PLANNING

Urban renewal should be based on sound community planning. Your committee has been advised of a need for assistance to the urban planning of small communities and to planning on a metropolitan or regional basis. The bill as reported includes a \$5 million authorization for grants to be made by the Housing Administrator to assist planning for smaller communities and coordinated planning for communities in metropolitan and regional areas. Grants up to 50 percent of the estimated costs could be made to State agencies for planning assistance to municipalities having a population of less than 25,000, and to metropolitan or regional planning agencies. This program would materially assist the urban renewal program by aiding in the preparation of adequate urban renewal plans, workable programs, and general city plans.

F. GRANTS FOR TESTING

The bill as reported would also authorize the Housing Administrator to make special grants to localities to assist them in developing, testing, and reporting on improved techniques for preventing and eliminating slums and urban blight. Grants would be limited to two-thirds of the cost of the undertakings. Aggregate grants under this authority would be limited to \$5 million, to be obtained from the existing authorization in title I of the Housing Act of 1949.

G. DISTRICT OF COLUMBIA PARTICIPATION IN URBAN RENEWAL

Provisions are included in the bill as reported for amendment of the District of Columbia Redevelopment Act of 1945, as amended, to permit the District of Columbia to participate in the broadened slum clearance and urban renewal provisions contained in the bill as reported.

VIII. LOW-RENT PUBLIC HOUSING AMENDMENTS

In order that public housing may be of greater help to urban renewal programs through the provision of housing for displaced families of low income, preference in admission should be granted to all such families. At present, first preference in admission is limited to families displaced only by low-rent housing projects or by public slum clearance and redevelopment projects. The bill as reported would extend the preference to families who are to be displaced through other public actions, thus permitting public housing to facilitate all types of public undertakings involved in the total process of urban renewal. Also, in order to permit proper coordination of relocation activities, the bill as reported would permit local housing authorities to grant special preference as to any of the projects or actions entitled to the general preferences. Veterans would continue to have a first preference within all preference groups.

The bill as reported also contains provisions to assure that the payments in lieu of taxes which local governments expect from their low-rent projects will be made on a contractual rather than on a voluntary basis. These payments in lieu of taxes will, with certain exceptions, be equal to 10 percent of the shelter rents charged in the various low-rent projects.

A further change is designed to make public housing projects self-liquidating to the maximum possible extent. The bill as reported provides that, as soon as the capital cost of a project has been repaid, future net revenues of the project would be used to repay to the Federal Government and to local governments the contributions made by them to the project during its earlier life.

IX. APPOINTMENT OF CONSERVATORS AND RECEIVERS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS

Under the broad statutory powers, the provisions for the appointment of conservators and receivers of Federal savings and loans associations have always been incorporated in the regulations of the Home Loan Bank Board for the Federal savings and loan system. Title VI of the bill as reported would enact statutory provisions on this matter which would give the Board the authority needed to protect the welfare of Federal associations and their members, and at the same time provide orderly procedures for the exercise of the supervisory powers of the Board.

The Board presently has no means, except through the appointment of a conservator or receiver, to enforce the laws and regulations under which Federal savings and loan associations operate. The bill as reported would provide a method for the enforcement of law and regulations without the necessity of the appointment of a conservator or receiver, and would also establish standards and procedures for the appointment of conservators and receivers.

The bill as reported would provide that, in the event of a violation of law or regulation, the Board must give the Federal association concerned notice of such violation, and 30 days in which to correct the same. At any time during the 30 days either the Board or the association would be given the right to apply to the United States District Court for a declaratory judgment, an injunction, or other relief. If after 30 days the violation has not been corrected, the Board would give the association 20 days' notice of the time and place of a hearing which would be held in the judicial district where the association is located unless the association consents to another place. After hearing and adjudication by the Board, the right of appeal would be given as is provided by the Administrative Procedure Act, and court review would be upon the weight of the evidence. The Board would be specifically given access to the courts for the enforcement of its adjudication and orders.

The bill as reported would also provide standards and procedures for the appointment by the Board of a conservator or receiver, and would give the Board exclusive jurisdiction to make such an appointment. The grounds for such appointment would be: (i) insolvency; (ii) violation of law or regulations; (iii) concealment of books, records, or assets; and (iv) unsafe and unsound operation.

The bill as reported would change the name of the Federal Savings and Loan Insurance Corporation to "Federal Savings Insurance Corporation." This would provide a more appropriate name for the Corporation and avoid certain misunderstanding arising from the fact that the present name can be interpreted as indicating that the Corporation handles functions relating to loan or mortgage insurance.

The bill as reported would provide that a conservator or receiver could not be appointed until after notice and an opportunity for an administrative hearing held in accordance with the provisions of the Administrative Procedure Act, that such appointment would be subject to court review as provided in the Administrative Procedure Act, and that such review would be upon the weight of the evidence. However, the bill as reported further provides that, if the Board determines that an emergency exists requiring immediate action, the Board could, without notice and hearing, appoint a Supervisory Representative in Charge who would have all the powers of a conservator or receiver. Such a Supervisory Representative would hold office for not more than 6 months, or until a conservator or receiver is appointed and takes charge, or until 30 days after the final proceedings of a hearing, or until 60 days after final termination of any litigation affecting such temporary appointment, whichever is longest.

X. ASSISTANCE FOR RESERVE OF PLANNED PUBLIC WORKS

Title VIII of the bill as reported would also carry out the President's recommendations contained in his Budget Message and in his Economic Report with respect to Federal assistance to States and communities for the advance planning of State and local public works. The Housing and Home Finance Administrator would be authorized to make advances to the States, their agencies, and political subdivisions for the planning of public works (other than housing) which conform to an overall State, local, or regional plan approved by a competent State, local, or regional authority. This authority would extend to July 1, 1957, and appropriations for such advances would be authorized up to \$10 million. The advances would become repayable in full, without interest, if and when the construction of the public works contemplated by the advance was undertaken or started. However, if payment is not made promptly when due the unpaid amount of the advance would bear interest at the rate of 4 percent per annum from the date the Federal Government made demand for repayment. The bill, as reported, would also provide that the making of these advances would in no way commit the Congress to appropriate funds to assist the construction of any of the planned public works.

The advanced planning of such public works has long been recognized as a valuable tool in establishing and maintaining a high level of operation in the construction industry which is an important factor in the maintenance of a healthy national economy. A substantial volume of planned State and local public works could be very useful in helping to stabilize the construction industry, and, in turn, economic activity in general. It was estimated in testimony before your committee that preliminary plans for 2,200 public works projects with an average estimated construction cost of \$300,000 each, could be provided with the \$10 million, and construction costs of the 2,200 projects should amount to approximately \$660 million.

XI. VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

Title VII of the bill as reported includes a new title designed to encourage and facilitate the flow of mortgage credit into remote areas and small communities through the voluntary cooperation and effort of private lending institutions.

The provisions of this title, in general, follow the plan suggested on behalf of the American Life Convention and the Life Insurance Association of America and which presented testimony to your committee indicating that the plan had the support of a majority of the life insurance companies. The problem of assuring the general availability of adequate home mortgage credit in small communities and in the areas remote from large financial centers is a difficult one, and your committee feels that the life insurance companies should be highly commended for their efforts to assist in the development of a constructive solution to this important problem.

This new title would establish a National Voluntary Mortgage Credit Extension Committee consisting of the Housing and Home Finance Administrator as Chairman and fourteen other persons to be appointed by the Administrator representing each major type of mortgage, lending institution, the homebuilding industry and real estate boards. The Administrator, after consultation with the members of the National Committee, would also appoint regional subcommittees for regions conforming generally to the Federal Reserve Districts.

The National Committee would be empowered to solicit and obtain the cooperation of financing institutions in the voluntary program. It would study and review the demand for and supply of funds for residential mortgage loans in all parts of the country and would receive reports from and correlate the activities of the regional subcommittees. It would maintain liaison with the Government housing agencies and with State and local housing officials to fully apprise them of the voluntary program.

Each regional subcommittee would study and review the demand for a supply of funds for residential mortgage loans in its region, would analyze cases of unsatisfied demand for mortgage credit, and would report to the National Committee the results of its study and analysis. It would also maintain liaison with officers of the FHA and VA within its own region and would request these officials to supply the subcommittee with information regarding cases of unsatisfied demand for mortgage credit involving loans eligible for FHA insurance or VA guaranty.

The regional subcommittees would render assistance to any applicant for a residential mortgage loan, provided that the applicant certified that he has made a serious effort to obtain an insured or guaranteed mortgage loan and has been unable to do so. Upon receipt of such certification, the regional subcommittee would circularize private financing institutions in the region or elsewhere in an effort to place the loan with a private financing institution. It would undertake to handle in a similar way cases involving applications made to the VA for direct loans. Moreover, in order to encourage small or local private financing institutions to originate insured or guaranteed mort-

gage loans, the subcommittee would be empowered to render assistance to such institutions in locating other private financing institutions willing to purchase these loans.

In the performance of its responsibilities each regional subcommittee would be empowered to request the National Committee to obtain for it the aid of other regional committees in seeking sources of mortgage credit, and to request and obtain voluntary commitments from any one or more private financing institutions to make funds available for insured or guaranteed loans in any specified area or areas within its region in which the subcommittee found a lack of adequate credit facilities for these loans.

XII. FARM HOUSING

The bill as reported by your committee would provide authorization for continuing through fiscal year 1955 the farm-housing assistance authorized in title V of the Housing Act of 1949 (Public Law 171, 81st Cong.).

Title V of that act is administered by the Farmers' Home Administration of the Department of Agriculture and authorized the Secretary of that Department to extend financial assistance in the form of loans and grants to farm owners to enable them to construct, improve, or repair farm housing. Loans of up to 33 years' maturity which bear 4-percent interest may be made to farmers having adequate farms who are nevertheless unable to obtain private credit on terms which they can reasonably fulfill. Similar loans, supplemented by modest contributions during a 5-year period are also authorized where the farmer is unable to undertake to repay the loan in full. This form of aid is authorized only if the farm is potentially adequate—that is, capable of being improved to a point where it is self-sustaining—and if the necessary improvement program is actually undertaken. Finally, title V authorizes modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants.

The authority granted by the present law to obtain loan funds from the Treasury was limited to \$25 million on and after July 1, 1949, an additional \$50 million on and after July 1, 1950, an additional \$75 million on and after July 1, 1951, an additional \$100 million on and after July 1, 1952, and an additional \$100 million on or after July 1, 1953. The bill as reported by your committee would provide authorization for an additional \$100 million on or after July 1, 1954.

Annual contribution commitments for housing on potentially adequate farms were authorized to be entered into on and after July 1, 1949, in sums aggregating not more than \$500,000 per year (for 5 years) and additional commitments were authorized on and after July 1 of each of the years 1950, 1951, 1952, and 1953, respectively, which would require additional contributions of up to \$1,000,000, \$1,500,000, \$2,000,000, and \$2,000,000 per annum, respectively. The bill as reported by your committee would provide a similar additional authorization of \$2 million on and after July 1, 1954.

Appropriations were also authorized for the loans and grants for improvements and repairs. Appropriations of \$2 million were authorized on and after July 1, 1949, and further amounts of \$5 million,

\$8 million, \$10 million, and \$10 million on July 1 of each of the years 1950, 1951, 1952, 1953, respectively. The bill as reported by your committee would provide an additional authorization of \$10 million on or after July 1, 1954.

XIII. SECTION-BY-SECTION SUMMARY OF THE BILL AS REPORTED

The first section of the bill as reported would provide that the act may be cited as the "Housing Act of 1954."

TITLE I—FEDERAL HOUSING ADMINISTRATION

This title would amend, and add new provisions to, the National Housing Act which governs the FHA home mortgage insurance programs. Two new programs would be authorized which are designed to assist in the rehabilitation and conservation of urban areas and in the rehousing of families displaced by slum clearance and other governmental operations. A new provision would be added to authorize the insurance of "open-end" mortgages. The provisions of the act governing the present FHA mortgage insurance programs would be amended for the purpose of providing changes in the prescribed maximum amounts and terms of the mortgages insured under these programs (especially with respect to existing housing), providing greater flexibility in the administration of the programs, and simplifying the statute.

AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

Section 101: Property improvement and repair loans

This section would amend provisions of section 2 (b) of the National Housing Act which concern the insurance of lending institutions against loss on loans made to finance alterations, repairs, and improvements in connection with existing structures.

Subsection 1 of the proposed amendment would increase the maximum loan amount for property improvement and repair loans from the present maximum of \$2,500 to \$3,000. Under subsection 2 the maximum term of such loans would be increased from 3 years and 32 days to 5 years and 32 days.

Subsection (3) would amend the provisions of section 2 (b) for so-called "class 1 (b)" loans to permit increases beyond the present maximum of \$10,000 (regardless of the number of family units) on the basis of \$1,500 per family unit or \$10,000, whichever is the greater.

This subsection would also increase the maximum maturity on such loans from 7 years and 32 days to 10 years and 32 days. Class 1 (b) loans finance the improvement or conversion of existing structures used or to be used as apartments or dwelling for two or more families.

Section 102: Liquidation of FHA title I claims account

This section would amend section 2 (f) to permit termination of the old title I claims account established prior to the creation of the title I revolving fund and the authorization for premium charges for title I insurance. This amendment would eliminate the necessity of maintaining separate records for the account which has been in liquidation since 1939 and has only a residue of assets. In addition, the amendment would authorize the Federal Housing Commissioner to

invest surplus funds of the revolving title I insurance fund in Government obligations, as he is now permitted to do with surplus funds of other insurance funds.

Section 103: Termination of section 8 mortgage insurance authority

This amendment would terminate authority to insure mortgages (except pursuant to an outstanding commitment) under section 8 after the effective date of the Housing Act of 1954. The authority under section 8 to insure mortgages given to refinance existing mortgages under that section would also be terminated.

Section 8 authorizes insurance of mortgage loans financing new low-cost single-family homes, particularly in suburban and outlying areas. There is also authority to insure 100 percent mortgage loans up to \$7,000 for disaster housing. The section 8 program would be handled after the enactment of the Housing Act of 1954 under section 203 of title II.

AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

Section 104: Section 203—Sales housing

This section would amend section 203 which authorizes the insurance of mortgage loans made by approved lending institutions for the construction, purchase, and refinancing of 1- to 4-family dwellings. This is FHA's major mortgage insurance program with respect to sales housing. Section 203 would be amended to consolidate the present subsections (b) (2) (A), (b) (2) (C), and (b) (2) (D) and to provide a simplified form of maximum ratio of loan to value and maximum dollar amount of mortgages to cover both new and existing homes.

The proposal would eliminate statutory distinctions within specific programs related to proposed and existing construction, dollar maximum mortgage amounts, and maximum ratio of loan to value as related to the number of bedrooms, whether the mortgagor was the owner and occupant of the house, and other factors. It would provide maximum limits and leave specific mortgage amounts to be handled, within the statutory limits, by processing of individual applications under regulations to be prescribed by the Federal Housing Commissioner. It would eliminate confusion as among the number of programs now provided for in section 203 and section 8. It would also permit the same mortgage limits for mortgages on existing homes as mortgages on new homes.

Under the proposal the maximum amounts of mortgages which may be insured by FHA under section 203 would be \$20,000 for a 1- or 2-family residence, \$27,500 for a 3-family residence, or \$35,000 in the case of a 4-family residence, and not to exceed the sum of 95 percent of \$8,000 of value and 75 percent of the value in excess of \$8,000. In addition, the mortgagor would be required to have made at least a 5 percent downpayment. Under this proposal the highest statutory mortgage maximum for a 1-, or 2-family home would be \$20,000 as compared to the present ceiling of \$16,000; for a 3-family home, \$27,500 as compared to the present \$20,500; and for a 4-family home, \$35,000 as compared to the present \$25,000. However, the bill would provide that mortgages insured under section 203 may not exceed the ceilings prescribed by section 203 prior

to the effective date of these amendments unless the President, pursuant to the authority which would be given him in title II of the bill to establish maximum mortgage terms and limits for Government-aided housing, has authorized a higher ceiling.

A provision in the bill as reported would make clear that a dwelling designed principally for a 1- or 2-family residence may be rented in appropriate cases for school purposes.

A technical change would also be made in the method of calculating the 5 percent minimum downpayment. Such downpayment, where required under the present law, must equal "5 percent of the appraised value." This has an unintended and unreasonable result in certain cases. Thus, 4 identical row houses may be valued alike except for the corner house which the FHA values at \$500 more than the other 3. Even though all 4 houses are sold at the same price, the present law requires the purchases of the corner house to make a \$25 larger downpayment than the purchasers of the other 3 houses. This has the absurd result of limiting the mortgage on the more valuable house to a smaller amount than is permitted for the less valuable houses. The bill would correct this defect in the present law through a new provision which requires the downpayment to equal at least "5 percent of the Commissioner's estimate of the cost of acquisition." This change in no way relaxes the separate requirement that the mortgage loan shall not exceed a specified percentage of the "appraised value" of the property as determined by the FHA.

Section 105: Maximum maturity of section 203 mortgages

This section would amend section 203 (b) (3) to fix a maximum statutory term of 30 years for all mortgages insured under section 203 without reference to amount of mortgage and other consideration presently provided in the statute, and would leave specific mortgage terms to regulations to be prescribed by the Federal Housing Commissioner. However, no mortgage term could exceed the maximum maturity provided in section 203 prior to the effective date of the amendment proposed by this section of the bill, unless the President authorizes a greater maturity pursuant to the authority which would be given him by title II of this bill. Maximum statutory mortgage terms under section 203 are now 20, 25, or 30 years, depending on whether the house is new or old, the number of bedrooms, the size of the loan, and whether the mortgagor is the owner-occupant.

Section 106: Maximum interest rate on section 203 mortgages

This section would amend section 203 (b) (5) to fix the maximum statutory interest rate on section 203 mortgages at 5 percent with authority in the Federal Housing Commissioner to increase the rate to not to exceed 6 percent as he finds it necessary to meet the mortgage market. Under title II of the bill, the President would be authorized to establish the maximum interest rates for section 203 mortgages without regard to that section, but subject to the limitations of title II of the bill. The amendment also permits the Commissioner to allow a service charge.

Section 107: Debentures presented in payment of premium charges

This section would add a proviso to section 203 (c) to provide that debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium

charges are to be credited. Under existing law debentures issued by one insurance fund may be used to pay premiums only as to mortgages insured under the same fund, with the exception of the mutual mortgage insurance fund and the housing insurance fund. This exception exists only because these two funds were originally one fund. This amendment would merely give effect to an oversight at the time the two funds were established, and thereby make the provisions of these two funds consistent with all other funds as to this subject.

Section 108: Farm housing mortgage insurance authorization terminated

This section would terminate the authority of the Federal Housing Commissioner under section 203 (d) to insure mortgages on farm housing after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before that date.

Section 109: Repeal of refinancing requirement and President's standby authority

This section would repeal section 203 (f). This subsection was enacted in 1939 to provide that if a proposed FHA mortgagee refinances a then existing mortgage in whole or in part, the mortgagor must certify that prior to the date the application was filed the holder of the existing mortgage has failed or refused to make a loan on as favorable terms.

This section would also repeal subsection (g) of section 203. This subsection was added by the housing amendments of 1953 (Public Law 94, 83d Cong.) to give the President standby authority to increase ratio of loan to value and term, up to 30 years and \$12,000 mortgage amount, under certain conditions. In view of proposed amendments to section 203 (b) (2) in section 104 and title II of this bill this standby authority is no longer necessary.

Section 110: Disaster housing

This section would add a new subsection (h) to section 203 to continue the authority previously carried in section 8 (which would be terminated by this bill) to insure 100 percent disaster housing loans on the same basis as formerly permitted under section 8.

Section 111: Payment of insurance

This section would amend section 204 (a) dealing with the payment of insurance.

Paragraph (1) of this amendment would permit a mortgagee to receive in debentures amounts (not allowable under existing law) paid by it for internal revenue stamps on a deed to it and on a deed to the Commissioner.

Paragraph (2) would permit a mortgagee, as to mortgages accepted for insurance under section 203 after the effective date of the Housing Act of 1954, to receive in debentures two-thirds of foreclosure costs or \$75, whichever is greater, which allowance is permitted under existing law only as to special programs. The present differences in such allowances are not believed justified, and in addition a uniform treatment would simplify the processing of payment to insurance benefits.

Paragraph (3) would permit a conveyance (where permissible under State law) to be made by mortgagor by deed in lieu of foreclosure, or by trustee, or by sheriff, direct to the Commissioner rather than to the mortgagee and then to the Commissioner. This will avoid dupli-

cate expenses of recording, stamp taxes, etc. This affects merely a mechanical change in getting title in the Commissioner (in those cases where title is now conveyed to the Commissioner by the mortgagee, either after or without foreclosure) and would involve no additional expense to FHA and no other change in procedure or in amount paid to the mortgagee under insurance contract.

Section 112: Terms of debentures

Section 112 would amend section 204 (d) by fixing the term of debentures to be issued under sections 203 and 213 at 10 years, consistent with the present debenture term under all other mortgage-insurance programs.

Section 113: Technical amendment

This is a technical amendment adding a new subsection 204 (i) in order to transfer from section 205 certain provisions which do not conform to the wording of section 205 as it would be amended by section 114 hereof. No change or new material is involved.

Section 114: Establishment of general surplus account and participating reserve account in mutual mortgage insurance fund

Section 114 would amend section 205 by revising and completely rewriting section 205 and accomplishes a change in the mutuality system under section 203, by eliminating the group accounts and substituting a general surplus account and a participating reserve account. While mutuality would be preserved, the Commissioner would be given greater authority to pool all reserves for the protection of the insurance liability of the entire fund, and thereby materially strengthen the reserves and minimize possibility of claims against the Treasury.

Section 115: Section 207 rental housing

This section would amend section 207 (c) dealing with eligibility for rental housing mortgage insurance as follows:

Paragraph (1) would amend paragraph (2) of section 207 (c) to permit the Commissioner to insure mortgages on existing multifamily structures if located in slum or blighted areas, as defined in an existing provision of section 207, and part of proceeds are used to repair or rehabilitate property. Such a mortgage would otherwise be subject to the same eligibility requirements and limitations as other loans under section 207.

Paragraph (2) of the amendment to paragraph (2) of 207 (c) would permit special limitations under 207 as now applicable to property in Alaska (90 percent of replacement cost rather than 80 percent of value) to be extended to mortgages covering property located in Guam. The need for housing in Guam and cost factors present in construction there are similar to conditions in Alaska.

Paragraph (3) of the amendment would amend paragraph (3) of 207 (c) by substituting a new paragraph 3 which would retain the present mortgage amount limitation of \$2,000 per room or \$7,200 per family unit (less than 4 rooms) but would remove the \$10,000 per family-unit limitation; and would permit an increase in such limitations to \$2,400 per room and \$7,500 per family unit for elevator-type structures. Such higher limits would be permitted because of higher costs incident to elevator-type structures. No change is made in the

existing ratio of loan to value limitation or in the 90-percent loan for projects which average 2 bedrooms per unit under the existing \$7,200 per family-unit limitation. A proviso is included in this section, however, that the present statutory mortgage limits would continue unless the President, as authorized by title II of the bill, has prescribed higher limits.

Section 116: Technical amendment concerning debentures

This is a technical amendment to section 207 (d) to carry out the purposes of the proposed amendment to section 203 (c) in section 107 of the bill by permitting debentures of the housing insurance fund to be used to pay only those premiums as are credited to such fund.

Section 117: Foreclosure costs

This is a clarifying amendment to section 207 (h) to remove any question as to the inclusion of foreclosure costs, costs of acquisition, and costs of conveyance to the Commissioner in the certificate of claim, consistent with the other rental-housing programs.

Section 118: Protection of labor standards

This section would make the provisions of the National Housing Act with respect to the protection of labor standards apply to multifamily housing financed by mortgages insured under the new section 220 proposed by this bill. (See sec. 123 of bill.) The labor-standard provisions would apply in the case of the new section 220 to mortgages covering existing multifamily housing to be rehabilitated or reconstructed as well as to new construction.

Section 119: Cooperative housing

This section would amend section 213 (b) dealing with eligibility for cooperative housing mortgage insurance. A provision would be added to subsection (b) (1) to permit FHA-insured cooperative housing mortgages to be as high as \$25 million in amount if the mortgagor cooperative is regulated by Federal or State law as to rents, charges, and methods of operation. The section would also change, with respect to nonveteran projects the present per family or per room mortgage amount limitations from \$8,100 per family unit or \$1,800 per room, to \$2,250 per room and with a per family unit limitation of \$8,100 applicable only if number of rooms is less than 4. The section would also provide for changing from a cost basis to a valuation basis. In addition, it would change the basis for allowing increases for veteran membership so that in all cases such increases would be made only if 65 percent of members are veterans, instead of making such increases on basis of percentage allowances for percentage of veteran membership. This latter change would simplify computations, and experience has shown substantially all projects to date have had over 65 percent veteran membership. Also an increase would be authorized to the per room and per family mortgage amount limitation for elevator-type structures in both veteran and nonveteran projects. However, the present statutory mortgage limits in section 213 would continue unless the President, as authorized by title II of the bill, has prescribed higher limits.

Section 120: Provision for Assistant Commissioner for cooperative housing deleted

Section 119 would amend section 213 (f) by striking therefrom the provision for the appointment of an Assistant Federal Housing Commissioner to administer the section 213 cooperative housing program. The First Independent Offices Appropriation Act, 1954 (Public Law 176, 83d Cong.), in authorizing FHA expenditures contained the following proviso:

Provided further, That the position of Assistant Commissioner, established pursuant to section 213 (f) of the National Housing Act, as amended, is no longer authorized.

A question is raised as to whether this proviso, as worded, would become ineffective after the expiration of the appropriation year. In any event, confusion would exist as long as the substantive law contains the mandatory requirement to appoint an Assistant Commissioner.

Section 121: Consolidation of all mortgage insurance authorizations

This section constitutes a revision of section 217 in order to consolidate and merge all the existing mortgage insurance authorizations with respect to all sections or titles (except sec. 2) into one general insurance authorization. This amendment would simplify operations under present separate insurance authorizations, would permit greater flexibility in use of the authorization as between separate programs, and establish at all times the amount of the current mortgage insurance authority under all programs. The total authorization would not exceed the estimated amount of insurance in force and commitments outstanding as of July 1, 1954, plus \$1½ billion, except that with the approval of the President such total authorization could be increased by amounts up to not to exceed \$500 million.

Section 122: Transfer between insurance funds

Section 219 now authorizes the Commissioner to transfer moneys from one or more of the insurance funds (except the mutual mortgage insurance fund) to any other fund where needed, and this amendment to section 219 would merely include within such authority funds of the section 220 housing insurance fund, a new fund to be established in connection with the new proposed section 220 mortgage insurance program (see sec. 123 of bill).

Section 123: Addition of sections 220 and 221

This section would add 2 new sections 220 and 221 to title II of the National Housing Act to provide 2 new FHA mortgage insurance programs to assist programs of urban renewal (see title IV of bill, as reported). No mortgages would be insured under either of the two new programs unless: (1) There has been presented to the Housing and Home Finance Administrator by the locality a workable program for eliminating and preventing slums and urban blight and encouraging the rehabilitation or redevelopment of blighted areas or slums, and (2) on the basis of his review of the program, the Administrator has certified to the Federal Housing Commissioner that the

benefits of the new FHA program may be made available in the community (see sec. 403 of bill for this requirement).

Rehabilitation and neighborhood conservation housing insurance (sec. 220 of National Housing Act)

The new section 220 would provide a mortgage insurance program to assist in the rehabilitation of existing dwellings and the construction of new dwellings in urban renewal areas. The property assisted must be located in a delineated area with respect to which a specific plan of redevelopment or rehabilitation and conservation has been established. The Federal Housing Commissioner must find that: (1) There exists necessary authority and financial capacity to assure the completion of such plan, and (2) that such plan will be effective to assure compliance with standards and conditions prescribed by him to establish the acceptability of the property for mortgage insurance.

The mortgage insurance under the new section 220 would cover existing construction, as well as new construction, and thus include assistance for rehabilitation as well as redevelopment. The mortgage limits covering 1- to 4-family dwellings would be the same as those proposed in section 104 of this bill for section 203 mortgages. However, this new section 220 would also permit mortgage insurance covering more than 4-family dwellings (the number in excess of 4 to be specified by the Commissioner) to take care of those structures which may contain more than 4 units but less than the number which could be covered under multifamily mortgage insurance. The mortgage limits in such cases would be \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of 4.

Provision is also made for multifamily housing mortgage insurance with maximum mortgage limits of \$2,250 per room (or \$8,100 per family unit if the number of rooms in the project does not equal or exceed four per family unit). Where a project consists of elevator-type structures, the Commissioner would be authorized to increase these dollar maximum mortgage amounts to \$2,700 per room and \$8,400 per family unit, respectively. The maximum ratio of loan to value limitation would be 90 percent of value. However, mortgages insured under this section with respect to sales or rental housing would be subject to the mortgage amount limitations provided in section 203 or section 207, as the case may be, unless the President authorizes higher amounts pursuant to title II of the bill. Similarly, unless the President authorizes longer maturities for mortgages on sales housing under this section, they would be subject to the maturity limitations in section 203 and could not in any event exceed 30 years.

The provisions for payment of insurance would be, as to home mortgages (1- to 4-plus family units), on the same basis as section 203 mortgage insurance, and would be, as to multifamily project mortgages, on the same basis as section 207 mortgage insurance.

A new fund to be called the section 220 housing insurance fund consisting initially of \$1 million to be transferred from the war housing insurance fund, would be created as a revolving fund for carrying out the provisions of the new section 220.

Mortgage insurance for relocation housing (sec. 221 of National Housing Act)

The new section 221 (which would be added to the National Housing Act by this section of the bill) would provide an FHA mortgage

insurance program for low-cost housing for families displaced as the result of governmental action in a community with respect to which the Housing Administrator has made the certification referred to above. However, the bill would permit mortgage insurance under section 221 in a community which has an urban redevelopment project under way at the time of the enactment of the Housing Act of 1954, even though this certification has not been made. The mortgage insurance under section 221 would be available only in communities which have requested that the insurance be provided. The Federal Housing Commissioner would be required to prescribe procedures to secure to the families so displaced, a preference or priority of opportunity to purchase or rent the dwellings involved. The total number of dwelling units in properties covered by mortgages insured under section 221 could not exceed the total number of such dwelling units which the Commissioner determined to be needed for the relocation of displaced families who would be eligible for the housing.

The maximum mortgage amount would be \$7,600 (or up to \$8,600 in high-cost areas) and not in excess of 100 percent of value for a single-family dwelling where the mortgagor is the owner-occupant. A minimum cash outlay of \$200 would be required (which could include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premiums, and other prepaid expenses). Mortgagors who are not owner-occupants would be permitted to obtain 85 percent loans to build or acquire and repair or rehabilitate, for sale, and to finance pending subsequent sale to qualified owner-occupant purchasers under purchase contract or lease-option agreements. The maximum term is fixed at 40 years and a service charge would be permitted.

Mortgage insurance would also be provided under this section for the repair or rehabilitation of dwellings (not necessarily contiguous) for use by 10 or more families as rental accommodations for qualified displaced families where the mortgagor is a private nonprofit corporation, association, or organization which is regulated under Federal or State laws as to rents, charges, and methods of operation. The maximum mortgage would be \$7,600 (or up to \$8,600 in high-cost areas) per family unit and not in excess of 100 percent of value, with a maximum term of 40 years.

The provisions for insurance payments under section 221 mortgages would be the same as under section 203 mortgages, except that such payments with respect to rehabilitated housing by nonprofit corporations would be the same as under section 207. In addition, the mortgagee under section 221 would have the option after 20 years if the loan was not in default, to assign the mortgage to the Federal Housing Commissioner and receive 10-year debentures equal to the original principal unpaid at assignment plus accrued interest. The debentures issued under this option would have one feature different from debentures under other insurance programs, namely, the interest rate would be fixed at the "going Federal rate" at date of issuance. This would be the annual rate of interest specified by the Secretary of the Treasury as applicable to the 6-month period which includes the issuance date of the debentures. The Secretary of the Treasury would determine this applicable rate by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may

be, next preceding such 6-month period, on all outstanding marketable obligations of the United States having a maturity date of 8 to 12 years from the 1st day of May or November, as the case may be. If there should be no outstanding marketable obligations of the United States having the 8- to 12-year maturity at the time the Secretary of the Treasury is required to determine the debenture rate involved, the obligation next shorter than 8 years and the obligation next longer than 12 years, respectively, would be used.

A section 221 housing insurance fund would be created for the purposes of the mortgage insurance program under section 221. It would be a revolving fund and would consist originally of \$1 million transferred from the war housing insurance fund. No provision would be made for transfer of assets between the section 221 fund and other FHA insurance funds as is authorized for other FHA insurance funds.

Section 124: Transfer of certain mortgage insurance programs to title II program

This section would add a new section 228 to title II of the National Housing Act to transfer to title II authority to insure (1) mortgages executed in connection with the sale of certain publicly owned housing now insured under section 610; (2) mortgages to refinance existing loans insured under section 608 prior to the enactment of this bill; (3) mortgages to refinance loans insured under sections 903 and 908; and (4) mortgages assigned to the Commissioner in payment of insurance benefits, or mortgages executed in connection with sale of property acquired by the Commissioner under insurance contracts, regardless of requirements in the section or title of the act under which the insurance contracts were executed. Mortgages insured under this new section would be insured under section 203 or section 207 and consequently the insurance benefits would be in accordance with such sections.

The provisions of section 222 covering authority to insure mortgages assigned to the Commission is a new authority not now included within the provisions of section 608 (g). This additional authority would assist the Commissioner in the sale of such mortgages and facilitate liquidation of insurance liability.

Section 125: "Open-end" mortgages

This section would add two new sections (223 and 224) to the National Housing Act. Section 223 would be a technical amendment to implement section 201 of this bill.

The new section 224 would authorize FHA insurance of advances to a mortgagor made pursuant to provisions in an "open-end" FHA-insured home mortgage. "Open-end" mortgages are mortgages which provide that loans (in addition to the original loan represented by the mortgage) may be made to a mortgagor for improvement, alteration, or repair of the home covered by the mortgage without the necessity of executing a new mortgage. The authority to insure "open-end" mortgages would apply only to mortgages covering dwellings for four families or less.

Under the proposed section 224 the Federal Housing Commissioner would be authorized to require the payment of charges in lieu of insurance premiums for the insurance of the "open-end" advances.

Further, the amount of such insurance would not be included in computing the aggregate amount of outstanding principal obligations of mortgages which may be insured under the National Housing Act under the limitations in that act on the amount of such obligations outstanding at any one time.

ADDITIONAL AMENDMENTS RELATING TO FEDERAL HOUSING
ADMINISTRATION

Section 126: Termination of authority to insure mortgages under title VI

This section would terminate authority to insure mortgages under title VI of the National Housing Act after the effective date of the enactment of this bill, except pursuant to a commitment to insure issued on or before such date. The following insurance programs would be affected:

(1) Section 603: Authority to issue commitments on new business expired April 30, 1948, and the only authority now existing is with respect to loans to refinance existing insured mortgages. This proposal would terminate such authority but such refinancing loans are eligible under section 203 and no reason exists for continuation of the insurance authority under section 603.

(2) Section 608: Authority to issue commitments now limited to applications filed on or before March 1, 1950; and as to mortgages to refinance existing insured mortgages. This proposal would terminate such authority but it is proposed by the provision of the new section 222 to transfer authority to insure refinancing mortgages to section 207.

(3) Section 609: Authority to insure prefabricated housing manufacturers' loans would be terminated. Only a few loans have been insured and experience indicates that the continuance of such a program under the National Housing Act is not warranted.

(4) Section 610: Authority to insure mortgages in connection with sale by Government of certain publicly owned housing would be terminated under section 610 of title VI, but such authority would be transferred to title II and continued pursuant to the provisions of the proposed new section 222 discussed above.

(5) Section 611: Authority to insure blanket mortgage covering 25 or more single-family houses would be terminated. Experience has indicated continuation of this program is not warranted. It has not been used to any substantial extent by builders.

(6) Section 608 (g): Authority to insure mortgages taken by the Commissioner in connection with sale of Commissioner-acquired property would be terminated, but the same authority would be continued under the proposed section 222 discussed above.

Section 127: Termination of yield insurance program

This section would terminate the yield insurance program under title VII of the National Housing Act and repeal title VII. This title was added to the National Housing Act in 1948 and was amended in 1951. No insurance operations have been carried on by FHA under this title.

Section 128: One-year extension of military housing insurance authority

This section would extend for 1 year (from July 1, 1954, to June 30, 1955) the authority under title VIII of the National Housing Act to insure mortgages on military housing.

Section 129: Termination of title IX Defense Housing Insurance Authority

The authority to insure mortgages in connection with the defense housing program under title IX (sec. 903 covering 1- and 2-family dwellings, and sec. 908 covering multifamily projects) would expire under existing law on July 1, 1954, except as to commitments issued prior to such date or loans to refinance existing insured loans. This proposal would leave the expiration date of July 1, 1954, and retain authority to insure as to commitments issued prior thereto, but would terminate authority to insure under title IX mortgages to refinance existing insured mortgages. However, such authority is proposed to be transferred to the new section 222 and such refinancing loans would be insured under section 203 or section 207.

TITLE II—HOME MORTGAGE INTEREST RATES AND TERMS

Section 201: Establishment of home loan interest rates, terms, and charges by the President

This section would place in the President authority to establish the maximum rates of interest on residential mortgage loans (other than VA-aided farm home loans) financed under the Federal Housing Administration or Veterans' Administration programs. The maximum interest rates for such mortgage loans would be established by the President from time to time on the basis of reviews of conditions in the mortgage investment market and after taking into consideration conditions in the building industry and the national economy generally. These reviews would be undertaken at the request of the President by a committee consisting of the Secretary of the Treasury as chairman and the Housing and Home Finance Administrator, and the Administrator of Veterans' Affairs. The interest rates could be established by the President at different levels for different classes of mortgages. The maximums could in no event be established at rates exceeding average market yields on Federal marketable bonds having a remaining maturity of 15 years or longer plus 2½ percent.

This section would also place in the President authority to establish the interest rates on FHA debentures to be issued in payment of mortgage insurance claims and the maximum financing charges for FHA property improvement and repair loans which are insured under title I of the National Housing Act.

The President would also be authorized to establish the limits on certain fees and charges for FHA- and VA-aided residential mortgage loans.

In addition, subject to applicable provisions of law, the President would be authorized to establish maximum mortgage maturities and maximum ratios of loan to value for FHA- and VA-aided residential mortgage loans. In the case of FHA-aided mortgages, the President could also establish maximum dollar limitations per room or per family unit within applicable maximum limitations prescribed by the

National Housing Act. In the case of loan-to-value ratios established in connection with loans guaranteed under the Servicemen's Readjustment Act of 1944, a minimum preference of 5 percent on the first \$8,000 plus 5 percent of the excess over \$8,000 would be required to be maintained.

Presidential action under this section would not affect direct loans made by VA prior to such action nor loans with respect to which the FHA or VA has made commitments, prior to such action, to guarantee or insure the loans.

Section 202: Technical amendment to Servicemen's Readjustment Act of 1944

This section is a technical amendment to the Servicemen's Readjustment Act of 1944, as amended, to authorize the Administrator of Veterans' Affairs to make rules and regulations to carry out the limitations established by the President pursuant to the authority vested in him by section 201. A corresponding amendment to the National Housing Act relating to FHA-aided home loans is contained in section 125 of this bill.

Section 203: Additional GI guaranty for home repairs

This section would amend section 50 (b) of the Servicemen's Readjustment Act of 1944 to permit the maximum guaranty entitlement of \$7,500 to apply to loans for alterations, improvements, and repairs, as well as the purchase and construction of residential property. Under the existing provision, a veteran who has used his guaranty entitlement in acquiring a home has additional entitlement for repair loans only if he used less than \$4,000 of his entitlement in acquiring the home.

Section 204: Repeal of section 504 of Housing Act of 1950

This section would repeal section 504 of the Housing Act of 1950, as amended. That section relates to regulation by the Federal Housing Administration and the Veterans' Administration of certain fees and charges in connection with residential mortgages financed under their programs. Section 201 of this bill is designed to deal with the problems to which section 504 of the Housing Act of 1950 was addressed.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 301: Establishment of new secondary mortgage market facility in the Federal Government

This section would rewrite title III of the National Housing Act to recharter the Federal National Mortgage Association, the existing Federal secondary market facility for home mortgages, and provide for the capitalization and operation of the Association under its new charter.

Purposes (sec. 301 of National Housing Act).—This section would state that the purposes of title III of the National Housing Act, as it would be amended, would be to establish in the Federal Government a secondary market facility for home mortgages to be financed by private capital to the maximum extent feasible and to authorize such facility to—

(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for existing mortgage investments, thereby improving the distribution of investment capital available for home-mortgage financing;

(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home-financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home-building activities which threatens materially the stability of a high-level national economy; and

(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home-mortgage market and minimum loss to the Federal Government.

Creation of Association (sec. 302 of National Housing Act).—This section would recharter the Federal National Mortgage Association and provide that it would be a constituent agency of the Housing and Home Finance Agency. In order to accomplish the purposes of the Association it would be authorized, subject to the limitations prescribed by title III, to make commitments to purchase, and to purchase, service, or sell home mortgages (or participations therein) that are insured by the Federal Housing Commissioner (FHA-insured) or guaranteed or insured by the Administrator of Veterans' Affairs (VA-guaranteed or insured). No mortgage could be purchased at a price exceeding 100 percent of the unpaid principal amount of the mortgage. In addition, the mortgages purchased would not exceed \$15,000 in amount for each family dwelling unit covered by the mortgage and the Association would not be authorized to purchase mortgages offered by or covering property held by Federal, State, territorial, or municipal agencies.

Capitalization of Association (sec. 303 of National Housing Act).—This section would provide that the Association shall have nonvoting capital stock. The initial issuance of stock would be subscribed for by the Secretary of the Treasury in an amount equal to the sum of the original capital stock of the existing Federal National Mortgage Association and its paid-in surplus, surplus, surplus reserves, and undistributed earnings as of the close of a cutoff date (to be determined by the new Association) within 90 days following the effective date of the Housing Act of 1954. It is estimated this will amount to approximately \$70 million. The Secretary of the Treasury would be entitled to receive cumulative dividends on the capital stock held by him for each fiscal year or part of a year, from the time the capital represented by the stock is initially used, until it is retired, at rates determined by him at the beginning of each such fiscal year, based on the current average interest rate on outstanding marketable obligations of the United States.

This section would also provide for capital funds from private sources. This private capital (which would be put in the capital surplus account) would be obtained in connection with the Associa-

tion's secondary market operations under section 304 (but not in connection with its special assistance to designated housing programs or to a declining mortgage market, or its management and liquidation of the mortgages the Association acquired prior to the cutoff date). In its regular secondary market operations (under sec. 304) the Association would require each mortgage seller to make payments of nonrefundable capital contributions of not less than 3 percent of the amount of mortgages involved in any purchases or contracts for purchases. Convertible certificates would be issued to each mortgage seller evidencing the capital contributions made by the seller. The certificates would be convertible into capital stock of the Association having equal par value, subject to such conditions as may be prescribed by the board of directors of the Association, but no such conversion could be made until such time as all of the outstanding capital stock held by the Secretary of the Treasury is retired and the Secretary of the Treasury holds no obligations of the Association purchased under section 304. After all the stock held by the Secretary of the Treasury has been retired and all obligations of the Association to the Treasury have been repaid, the Association would be authorized to issue stock directly to mortgage sellers, thus eliminating the necessity of issuing convertible certificates. Such dividends as may be declared by the board of directors would be paid to stockholders, but in any 1 year the capital and surplus accounts must not be reduced by such dividend payments (other than to the Secretary of the Treasury) by more than 5 percent of the par value of the outstanding stock.

As soon as possible after all the capital stock of the Association held by the Secretary of the Treasury has been retired the Housing and Home Finance Administrator would be required to transmit to the President for submission to Congress recommendations for legislation to transfer the assets and liabilities of the Association in connection with, and the control and management of its secondary market operations under section 304 of this bill, to the private owners of the outstanding capital stock of the Association.

The Association would also be authorized to impose charges or fees for its services, with the objective that all costs and expenses of its operations would be within its income and revenues. Earnings would be transferred annually to a general surplus account. Provision would also be made for the establishment of reserves. The capital stock held by the Secretary of the Treasury would be retireable from funds of the capital surplus and the general surplus accounts. The capital stock of the Association would not be retirable (other than stock held by the Secretary of the Treasury) if, as a consequence, the amount remaining outstanding would be less than \$100 million.

Institutions organized under Federal law (including State member banks of the Federal Reserve System), in connection with transactions between them and the Association, would be authorized under this section, to make payments of the required capital contributions, to receive stock or convertible certificates, and to hold or dispose of such stock or certificates.

*Secondary market operations (sec. 304 of National Housing Act).—*This section would, in part, set forth the general requirements and standards which would govern the Association's secondary market

operations with respect to marketable home mortgages. Purchase prices would be established at the market price for the particular class of mortgages involved, as determined by the Association. No mortgage could be purchased in these secondary market operations if it was insured or guaranteed prior to the effective date of the Housing Act of 1954. Determinations of volume of purchases and sales, of purchase and sale prices, and of charges or fees, would be consistent with the objectives that excessive use of the Association's facilities should be avoided, and that the operations should be within the revenues derived from such operations and fully self-supporting. The Association could not purchase participations or make advance purchase commitments in connection with its secondary market operations under this section, except that the Association would be authorized, in the discretion of its Board of Directors, to issue 1-for-1 contracts in connection with purchases of mortgages from the Association. Such a contract would provide that the Association will purchase mortgages from the holder of the contract in a prescribed amount which would not exceed the amount of mortgages purchased from the Association.

To enable the Association to carry out its section 304 secondary market operations, it would be authorized to issue, upon the approval of the Secretary of the Treasury, obligations for sale to the investing public. The aggregate amount outstanding at any one time would not exceed 10 times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings. At the time of issuance the total of obligations could not exceed the amount of the cash, mortgages, and Government bonds, free from any liens or encumbrances, held by the Association in connection with its secondary market operations. The obligations would have such maturities and bear such rate or rates of interest as may be determined by the Association, with the approval of the Secretary of the Treasury. Such obligations would contain provisions indicating clearly that they are not guaranteed as to principal or interest by the United States.

The Secretary of the Treasury would be authorized, in his discretion, to purchase the secondary market obligations of the Association, but his holdings (1) could not at any time exceed \$500 million plus an amount equal to a total of the reductions in the amount of the existing FNMA portfolio which the rechartered Association would be liquidating, and, in any event, (2) could not exceed \$1 billion. Any obligations purchased by the Secretary of the Treasury would be purchased at a price to yield a return at a rate determined by the Secretary, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the purchase. This authority of the Secretary of the Treasury would terminate when all of the capital stock held by the Secretary of the Treasury had been retired.

Special assistance functions (sec. 305 of National Housing Act).— This section would provide that the President, after taking into account (1) conditions in the building industry and the national economy and (2) conditions affecting the home-mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may authorize the Association to make commitments to purchase, and to purchase such types, classes, or categories of home

mortgages (including participations) as he may determine. It would provide the special assistance referred to in section 301 (b) with respect to special housing programs and to retarding or stopping a decline in mortgage lending and home building.

Two types of special assistance are authorized. The Association would (1) purchase and make commitments to purchase home mortgages and participations in home mortgages, and (2) enter into commitments to purchase immediate participations in mortgages and make related deferred participation agreements. The total amount of purchases and commitments could not exceed \$200 million outstanding at any one time. The deferred participation agreements would be made by the Association only on the basis of a commitment by it to purchase an immediate participation of a fixed 20 percent undivided interest in each mortgage and a related deferred participation agreement by the Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the right to foreclose. The total amount of such immediate participation commitments and purchases pursuant to such commitments (not including the amount of any related deferred participation agreements or purchases pursuant thereto) could not exceed \$100 million at any one time. Since the \$100 million limitation relates to immediate purchase of a fixed 20 percent undivided interest in each mortgage, with purchases of the remaining interest in the event of default being excluded from such dollar limitation, this additional \$100 million authorization would permit such special assistance to cover a total of not exceeding \$500 million in mortgages.

The Association would have full discretion in the establishment of purchase prices, and would impose charges or fees for its services with the objective that all costs and expenses of its special-assistance operations would be within the income derived from its operations under this section 305 and that the operations should be fully self-supporting. The funds required to carry out these special-assistance functions of the Association would be obtained from Treasury borrowings. Obligations issued to the Treasury shall mature not more than 5 years from their respective dates of issue and bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation.

Management and liquidating functions (sec. 306 of National Housing Act).—This section would make provisions for the management and liquidation of the mortgage portfolio of the Federal National Mortgage Association which was in existence as of the close of the cutoff date determined by the rechartered Association within 60 days after the enactment of this bill (as provided in sec. 303 (d)).

The Association would be directed to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings, to be evidenced by new capital stock) as of the cutoff date.

To assure maximum private financing to carry the mortgages held in this portfolio, the Association would be authorized, on approval of the Secretary of the Treasury, to issue obligations for sale to the investing public. Obligations issued to the investing public in con-

nection with the management and liquidating functions would contain provisions clearly indicating that they are not guaranteed as to principal or interest by the United States. They would have such maturities, and bear such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury. The total of such obligations could not exceed the amount of the cash, mortgages, and Government bonds, free from any liens or encumbrances held by the Association under this separate accountability. The Association would also be authorized to issue its obligations to the Secretary of the Treasury in sufficient amount to carry out its functions under this section. Such obligations would mature not more than 5 years from their dates of issue, and bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding their issuance. The proceeds of any private financing shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary.

Pursuant to this section 306 the existing Federal National Mortgage Association after the cutoff date established pursuant to section 303 (d) would discontinue making commitments, and would discontinue purchases except pursuant to outstanding commitments. The total of mortgages and commitments under this section 306 would be restricted to \$3,350 million (including the present portfolio and outstanding commitments), and provision is made for the progressive reduction of such maximum amount by the amount of cash realizations from the liquidation of the portfolio with the objective that the entire amount shall be eliminated as promptly as practicable.

Of the \$3,650 million total amount of investments, loans, purchases and commitments, authorized in the present law to be outstanding at any one time, a total of not to exceed \$300 million would be made applicable to the special-assistance functions in section 305, and not to exceed \$3,350 million would be made applicable to the management and liquidating functions of this section. Such amounts would not include the amounts of any mortgages otherwise transferred by law to the Association and held under the separate accountability of its management and liquidating functions.

Separate accountability (sec. 307 of National Housing Act).—Subsection (a) of this section would direct the Association to establish and at all times to maintain separate accountability for (a) its secondary market operations, (b) its special assistance functions, and (c) its management and liquidating functions. Subsections (b) and (c) would make it clear that the capitalization of the Association would not be available for its special assistance or liquidation functions, and that the benefits and burdens of these functions would inure solely to the Secretary of the Treasury.

Board of directors (sec. 308 of National Housing Act).—The Board of Directors of the rechartered Association would have five members. The Housing and Home Finance Administration would be the Chairman of the Board, and he is authorized to appoint the other four members from among the officers or employees of the Association, of the immediate office of the Administrator, or of any other department or agency of the Federal Government. The members of the Board, as such, would not receive compensation for their services. The basic

rate of compensation of the position of the President of the Association shall be the same as that of the heads of the constituent agencies of the Housing Agency.

General Powers (sec. 309 of National Housing Act).—This section would set forth the general corporate powers incident to the Association's operations, and prohibits the use by others of the corporate name. Subject to applicable laws, the Association would be authorized to determine the necessity for and the character and amount of its obligations and expenditures. The Association would be tax exempt except that (1) any real property of the Association would be subject to taxation to the same extent as other real property, and (2) the Association would be required, with respect to its secondary market operations, to pay annually to the Treasury an amount equal to the amount of Federal income taxes which (except for the exemption) would be applicable to such secondary market operations. Provision is made for the appointment and compensation of officers and employees, subject to the civil service and classification laws.

Investment of funds (sec. 310 of National Housing Act).—This section would provide that moneys of the Association not invested in mortgages or operating facilities shall be kept in cash on hand or on deposit or invested in Government bonds or obligations guaranteed by the United States.

Obligations of Association legal investments (sec. 311 of National Housing Act).—This section would provide that the obligations of the Association would qualify as legal investments and may be accepted as security for fiduciary, trust, and public funds, the investment or deposit of which are under the control of the Federal Government. Provision would also be made for the Federal Reserve banks to act as depositories, custodians, and fiscal agents for the Association.

Short title (sec. 312 of National Housing Act).—This section would provide that title III of the National Housing Act, as amended, could be referred to as the Federal National Mortgage Association Charter Act.

Section 302: Status of existing Federal national mortgage associations

This section would provide that the body corporate referred to in section 302 of the National Housing Act, as amended by the Housing Act of 1954, is the present Federal National Mortgage Association.

Section 303: Investment by national banks

Under present law national banking associations are authorized to purchase the obligations of national mortgage associations without limitation as to the total amount of investment (R. S. 5136). Since the Federal National Mortgage Association is the sole "national mortgage association," this amendment would merely make the law more specific.

Section 304: Investment by Federal savings and loan associations

This section would authorize Federal home loan banks and Federal savings and loan associations to invest in obligations of the Association.

Section 305: Repeal of special provisions for Territories

This section would terminate the existing special authority of the Association to grant preferences with respect to FHA-insured mortgages covering property located in Alaska, Guam, or Hawaii, and to

make direct FHA-insured mortgage loans secured by property located in Alaska.

Section 306: Repeal of Public Law 243, 82d Congress

This section would terminate the special authority of the Association to make advance commitments, under certain conditions, with respect to FHA-insured section 213 cooperative-housing mortgages.

Section 307: Transfer of functions from the Housing Administrator to FNMA

This section would transfer to FNMA certain technical operating functions of the Housing Administrator regarding FNMA under section 2 of Reorganization Plan No. 22 of 1950, together with the notes and capital stock of FNMA held by the Administrator under that section of the plan.

TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

Sections 401 through 411: Amendments to title I of the Housing Act of 1949, as amended

Sections 401 through 411 would amend title I of the Housing Act of 1949, as amended, which provides for the present slum clearance and community development and redevelopment program. The amendments are designed primarily to broaden and redirect the present slum clearance and redevelopment program in order to assist communities in taking effective action to meet their overall problems of eliminating, and preventing the spread of, slums and urban blight, including action to rehabilitate or improve blighted, deteriorated, or deteriorating areas. For this purpose, major changes in, or additions to, title I would be made with respect to the following:

Urban renewal fund.—A new section 100 would be added to the Housing Act of 1949, as amended, which would provide that the authorizations, funds, and appropriations available to the Housing Administrator under title I of the Housing Act of 1949 would constitute a fund to be known as the urban renewal fund. This fund would be available for advances, loans, and capital grants to local public agencies for urban renewal projects in urban renewal areas. Except as to specific amendments to title I explained in this summary, such financial assistance would be made available for urban renewal projects in the same manner as it is now made available for development or redevelopment projects under the existing provisions of title I of the 1949 act. (See sec. 402 of bill.)

Local responsibility and workable program.—The requirements of title I with respect to local responsibility and local action would be strengthened and increased. Existing provisions require the Housing and Home Finance Administrator, in extending financial assistance under title I, to give consideration to the extent to which local public bodies have undertaken positive programs to prevent slums and blighted areas through the adoption and improvement of local codes and to encourage housing cost reductions through use of new materials, etc. This requirement, which is applicable even at the initial stage of financial assistance, i. e., at the making of the advances for surveys, plans, and other preliminary work for projects, would be broadened to include a consideration of code enforcement.

A further requirement would be added that no contract could be entered into for any loan or capital grant under title I of the Housing Act of 1949, as amended, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, and no mortgage could be insured under sections 220 or 221 (explained in connection with sec. 123 of this bill) of the National Housing Act, as amended, unless (1) the locality presents to the Housing and Home Finance Administrator a workable program for eliminating and preventing slums and urban blight and encouraging the rehabilitation or redevelopment of blighted areas or slums, and (2) on the basis of his review of the program the Administrator determines that the program meets the requirements in the law and certifies to the constituent agencies affected that the Federal assistance may be made available in the community. The program must include an official plan of action for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life. (See sec. 101 as amended by sec. 403 of bill.)

The Housing Administrator would be authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of workable programs, and to provide them with technical and professional assistance for planning and developing related programs, and (2) for the assembly, analysis, and reporting of information pertaining to such programs.

Urban renewal area.—The term “urban renewal area” would be substituted for “redevelopment area” in title I and would be defined to mean an urban area that (1) the governing body of the locality determines to be blighted, deteriorated, or deteriorating, and designates as appropriate for an urban renewal project, and (2) the Housing Administrator approves as appropriate for such a project. (See sec. 110 (a) as amended by sec. 411 of bill.)

Urban renewal project.—The term “project,” as used in title I, would be redefined (and referred to as urban renewal project) to include (1) slum clearance and redevelopment in an urban renewal area or (2) rehabilitation or conservation in an urban renewal area, or (3) any combination or part thereof, in accordance with an urban renewal plan (referred to below) to achieve sound community objectives for the establishment and preservation of well-planned residential neighborhoods of decent homes and suitable living environment for adequate family life. For this purpose, “rehabilitation or conservation” would include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of buildings and improvements in accordance with the urban renewal plan (referred to below); (2) acquisition of real property and demolition or removal of buildings and improvements where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other detrimental uses, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction of streets, utilities,

parks, playgrounds and other improvements necessary for carrying out in the area the urban renewal objectives of title I in accordance with the urban renewal plan; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. The term "project" would continue to exclude the construction or improvement of any building, and to exclude any donations or provisions made as local non-cash grants-in-aid. (See sec. 110 (c) as amended by sec. 411 of bill.)

Another change in the definition of "project," consistent with the broadened scope of title I, is the elimination of the requirement that a commercial or industrial deteriorated area may be cleared with Federal assistance only if the area will be redeveloped for predominantly residential purposes. However, there is substituted a requirement that the project shall be in accordance with an urban renewal plan to achieve "sound community objectives for the establishment and preservation of well-planned residential neighborhoods."

Also, under the bill, property in an urban renewal project could consist entirely of open land to be developed for nonresidential use, where such land, because of obsolete platting, diversity of ownership, or other reasons, substantially impairs or arrests the sound growth of the community.

Urban renewal plan.—The term "urban renewal plan" would be substituted for "redevelopment plan" in title I and defined more broadly to indicate the scope of an urban renewal project, the undertakings required for carrying it out, the land uses, maximum densities, building requirements, and its conformity with the general plan of the locality as a whole. This plan would include a redevelopment plan approved by the governing body of the locality for such part, if any, of the urban renewal area as is proposed to be acquired and redeveloped. (See sec. 110 (b) as amended by sec. 411 of bill.)

The authority of the Housing Administrator to make advances of funds to local public agencies for surveys and plans for urban renewal projects would be expressly extended to (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes and regulations relating to the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition or removal of buildings and improvements, and to the compulsory demolition and removal of buildings and improvements, and (iii) appraisals, title searches and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects.

Local grants-in-aid.—The term "local grants-in-aid," as used in title I, would be redefined to relate, of course, to the urban renewal area and to include any work or improvement, at the cost thereof, which can be included as part of the urban renewal project. It should be noted that the definition of local grants-in-aid would continue to include public buildings or other public facilities (other than publicly owned housing), so that they would continue to be included in the computation of Federal and local grants-in-aid, although no loans could be made for the construction of such buildings as they would continue to be excluded from the definition of "project." The bill would also exclude from local grants-in-aid any revenue-produc-

ing public utilities, the capital cost of which is financed by service charges or special assessments. The limitation in the existing law that parks, playgrounds, public buildings, or facilities are eligible as local grants-in-aid only if they are "necessary to serve or support the new uses of land in the project area in accordance with the redevelopment plan" would be changed to a requirement that they be "necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan." (See sec. 110 (d) as amended by sec. 411 of bill.)

Under the present law, where a park, playground, public building, or facility primarily serves the redevelopment project area, the Administrator is authorized to permit its entire cost to be counted as a local grant-in-aid even though it serves other areas to some extent. Also, under the present law, where it directly serves both the project area and other areas, the Administrator may provide, in computing the local grant-in-aid, for an appropriate apportionment of cost. There is at present no statutory guide (other than general guides such as the use of the word "primarily") for determining when the cost will be apportioned. A clarifying amendment in this bill provides that there shall be such apportionment in all cases where the approximate degree of the benefit to areas outside the urban renewal area is estimated at 20 percent or more of the total benefits derived from the park, playground, public building, or facility.

Another amendment to facilitate title I operations provides that, for the purpose of computing the amount of local grants-in-aid, the estimated cost (as determined by the Housing Administrator) of parks, playgrounds, and public buildings, or other public facilities may be deemed to be their actual cost if (i) their construction is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or facility will be constructed or completed when needed and within a time prescribed by him. This is designed to avoid delay and expense resulting from the requirements of existing law that prevent the winding up of a project until the completion of all public facilities being built by the community as local grants-in-aid.

Federal grants-in-aid.—Although the two-thirds-one-third formula for Federal local grants now in the law is not changed, the title I amendments described above have the effect of authorizing the Federal Government to share in the cost of additional facilities and activities required to make possible sound clearance and redevelopment or neighborhood restoration and renewal which are provided by the local community in an urban renewal area. Thus, for example, the gross project cost may now include (in addition to costs in connection with planning and carrying out slum clearance and redevelopment as now authorized in the law), public expenditures in connection with:

1. Carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;

2. Acquisition of real property and demolition or removal of buildings and improvements (and disposition of property) in the urban renewal area (which it is contemplated will be broader than the old project area) where necessary to eliminate unhealthful,

insanitary, or unsafe conditions, lessen density, eliminate obsolete or detrimental use, or to otherwise remove or prevent the spread of blight or deterioration;

3. Installation, construction or reconstruction of streets, utilities, parks, playgrounds and other improvements (which need not be in a slum clearance area) necessary for carrying out in the urban renewal area objectives of title I in accordance with the urban renewal plan.

However, under title I, as amended, the Federal Government would in no way share in the cost of such other facilities and activities connected with the urban renewal program as—

1. The actual repair or rehabilitation work on private property, or
2. The enforcement of local codes relating to the use and occupancy of buildings or relating to their compulsory repair, rehabilitation, removal, or demolition (other than planning therefor in connection with urban renewal projects).

Miscellaneous provisions.—"Local public agency": Because of the broadened scope of the activities to be carried on under an urban renewal project, some of the actions to be performed by the local community will, in the case of many cities, fall within the jurisdiction both of city departments and of local redevelopment agencies having a separate corporate existence. It may therefore be appropriate to have a city and a local redevelopment agency join as parties to a contract for Federal aid under the title. In order to avoid references to this type of situation throughout the law, the definition of "local public agency" has been changed so that it includes two or more of the entities which are listed under the present definition of local public agency. (See sec. 110 (k) as amended by sec. 411 of bill.)

Labor standards: Because of the broadened scope of activities connected with an urban renewal project, the labor standards requirements of title I would be changed to make clear that they apply only to development work financed in whole or in part with funds under title I. An amendment would also delete from the prevailing wages requirements of the title laborers or mechanics who are employees of municipalities or other local public bodies. The amendment would also repeal the requirement that contractors on title I projects make monthly reports to the Secretary of Labor concerning the number of persons on their payrolls, total man-hours worked, itemized expenditures for materials, and the names and addresses of all subcontractors. (The Department of Labor has indicated it does not want such reports.) (See sec. 109 as amended by sec. 410 of bill.)

Reimbursement for inspections: A provision (now in the First Independent Offices Appropriation Act, 1954) for reimbursement by local public agencies of expenditures by the Housing Administrator for the expenses of inspections and audits and other necessary services at the sites of projects would be inserted as a permanent part of title I. Such expenditures would be considered nonadministrative. (See sec. 106 (b) as amended by sec. 408 of bill.)

Section 412: Savings provision

This section includes a savings provision to permit, after the enactment of the amendments proposed in this title, the completion, under present statutory authority, of projects initiated, or under contract for plans and surveys, prior to the date of legal effectiveness of the

proposed amendments of title I of the Housing Act of 1949, as amended. The enactment of this section is necessary (1) to obviate difficult administrative problems involved in the transition from the present more limited slum clearance and urban redevelopment program to the broader urban renewal program and (2) to recognize the Federal Government's obligation to cities and other public authorities which in good faith have already entered into contracts for slum clearance and urban redevelopment projects on the basis of title I prior to the major amendments provided in this bill and which will have projects at various stages of advancement when the proposed amendments become effective.

Section 413: Repeal of appropriation act provisos

This section would repeal the provisos contained in the First Independent Offices Appropriation Act, 1954, which require (1) the Administrator, before approving a slum-clearance program, to consider the efforts of localities to enforce local codes relating to health, sanitation, and safety for dwellings, and the feasibility of achieving slum-clearance objectives through rehabilitation of existing dwellings and areas and (2) that the authority under title I of the National Housing Act for FHA insurance of loans for the repair and alteration of structures shall be used to the utmost in connection with rehabilitation needs. The effect of these provisos is now incorporated in title I of the Housing Act of 1949, as it would be amended by this title.

Section 414: Grants to localities for testing, developing, and reporting slum prevention and slum elimination techniques

This section would authorize special grants to localities to assist them in developing, testing, and reporting on improved techniques for preventing and eliminating slums and urban blight. Grants would be limited to two-thirds of the cost of the undertakings. Aggregate grants under this section would be limited to \$5 million, to be obtained from the authorization for other grants authorized by title I of the Housing Act of 1949.

Sections 415 and 416: District of Columbia participation in urban renewal

These sections would make technical changes in the District of Columbia Redevelopment Act of 1945, as amended, which would extend that act to urban renewal activities of the type which could be assisted under the amendments of title I of the Housing Act of 1949 contained in the bill. They would thus be enabling provisions for the District of Columbia with respect to urban renewal activities.

TITLE V—LOW-RENT PUBLIC HOUSING

Sections 501 through 505 would amend the United States Housing Act of 1937, as amended, under which the low-rent public housing program is administered.

Section 501: Preferences for admission to low-rent housing

The existing preference provisions for admission to low-rent housing provide a first preference only to families which are to be displaced by a low-rent project or by a public slum clearance or redevelopment project, or which were so displaced within 3 years prior to making application for admission. The proposed amendment would extend

this preference provision to families which are to be displaced through other public actions. Thus, the same preference would be applicable to families who are to be displaced because a building, health, sanitary, or other code relating to housing standards prohibits the family from living in that particular dwelling for reasons such as overcrowding or failure of the dwelling to meet minimum standards of light, air, sanitation, etc.; or through closing of the dwelling through public action because it is unfit; or through demolition of the dwelling by public action for the construction or widening of a highway or bridge even though not connected with redevelopment or urban renewal. The preferences would also be applicable to families who are required to move because they cannot afford the increased rent caused by improvement of a dwelling unit to bring it into compliance with housing standards prescribed by laws or codes. In order to permit proper programing of relocation activities, local housing authorities are authorized to grant prior preference as among projects or actions entitled to preference. Veterans would continue to be preferred within each preference group.

Section 502: Payments in lieu of taxes

This amendment is designed to make mandatory on a local housing authority any payments in lieu of taxes stipulated in its cooperation agreement with the local governing body. This agreement would provide for payments in lieu of taxes of 10 percent of shelter rents unless State law prescribes a lesser amount or unless the local governing body agrees to a lesser amount. The agreement would also provide for offsetting against such payments any claims by the public housing agency against local bodies due to their failure to meet their obligations under the agreement. However, in any case where it appears at the time the cooperation agreement is entered into that tax exemption, less a 10-percent payment in lieu of taxes, would not result in a local contribution to the project equal to at least 20 percent of the Federal contributions, the payments in lieu of taxes to be provided in the agreement would be limited to an amount, if any, determined year by year which will not reduce the local contributions below such 20 percent.

The proposed amendment also provides that the localities may elect, if they so desire and if permitted by State law, to make the project subject to full taxes on condition that the locality pays to the project in cash the difference between full taxes and 10 percent of shelter rents but not less than 20 percent of the Federal contribution to the project.

In either case the local public housing authority must inform the local governing body, before the Federal annual contributions contract is executed, its estimate (in the case of a tax-exempt project) of the annual amounts to be paid in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or (where the project is taxed) the estimated amount of the local cash contribution. Actual figures must thereafter be published in the local authority's annual report.

This amendment also permits existing annual contributions contracts to be amended in accordance with the above provisions and deletes obsolete provisions.

Section 503: Self-liquidation of public housing

This amendment is designed to make the federally assisted public housing program self-liquidating, so far as possible. It provides that after the obligations for which annual contributions are pledged are paid in full, receipts in excess of necessary expenses of administration of the project, and of reasonable reserves therefor, must be paid to the Federal Government, and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Government and such local bodies have each made to the project, but not to exceed their respective contributions. Meanwhile, only debts for necessary expenditures of the project can be incurred by the local housing authority.

Subsection (2) provides that in the event the project is sold at any time (either before or after its cost has been liquidated), it must be sold to the highest bidder after advertising, or at fair market value; and the proceeds of such sale together with any reserves held in connection with the project, after all outstanding debts in respect to the project have been paid, must be paid to the Government and to the local public bodies in a proportion based on the aggregate contribution which the Government and the local bodies have made to the project, but not to exceed their respective contributions.

This amendment is a recognition of the fact that the useful life of well-constructed low-rent housing extends far beyond the life of the bonds and Federal contracts relating to the project, and that it is equitable (whether the project is continued in low-rent use or, if no longer needed for that purpose, is sold or rented for other than low-rent use) that any rents or proceeds therefrom should be returned to the Government and to the local community in proportion and to the extent of their respective contributions to the project.

Section 504: Repeal of labor reporting requirements

This section would repeal section 16 (6) of the United States Housing Act of 1937, which requires certain reports to the Department of Labor which the Department no longer desires. Section 16 (6) requires contractors engaged on any low-rent housing project to make monthly reports to the Secretary of Labor concerning the number of persons on their payrolls, total man-hours worked, itemized expenditures for materials, and the names and addresses of all subcontractors.

TITLE VI—HOME LOAN BANK BOARD

Section 601 (1): Providing for service of process on Federal Savings and Loan Insurance Corporation

While the Federal Savings and Loan Insurance Corporation is subject to suit under the present law, there is no provision specifically relating to the method of service of process on the Corporation. Accordingly a question exists as to whether service may be made upon the Corporation anywhere outside the District of Columbia. This section would provide a method whereby service may be obtained on the Corporation anywhere by service upon an agent and the mailing of a copy of the process by registered mail to the Corporation at Washington, D. C.

Section 601 (2): Statute of limitations in enforcement of claim for payment of insurance

This subsection would amend section 405 of the National Housing Act by adding a new subsection (c) which would bar the enforcement of a claim against the Federal Savings and Loan Insurance Corporation for the payment of insurance after the expiration of 3 years from the date of default. If, however, within this 3-year period the receiver or conservator recognizes the claim but the Federal Savings and Loan Insurance Corporation denies its validity, the action may be brought within 2 years from the date of such denial.

Section 601 (3): Federal Savings and Loan Insurance Corporation

This subsection would change the name of the Federal Savings and Loan Insurance Corporation to "Federal Savings Insurance Corporation."

Section 602: Increase in amount of home mortgage as collateral for advances

This section would increase the maximum home mortgage acceptable as collateral security for an advance by a Federal Home Loan Bank from \$20,000 to \$35,000 to be consistent with the proposed increase in the maximum amount of loans by Federal savings and loan associations from \$20,000 to \$35,000, as would be authorized by section 603 of this bill.

Section 603 (1): Increase in maximum amount of loan by Federal savings and loan associations

This section would amend section 5 (c) of the Home Owners' Loan Act of 1933 to increase the maximum dollar amount of a home loan which may be made by a Federal savings and loan association from the present maximum of \$20,000 to a maximum of \$35,000. The present \$20,000 maximum has been in existence since 1933. This would not change the existing provisions of section 5 which permit associations to make loans without regard to this limitation to the extent of 15 percent of the assets of an institution.

Section 603 (2): Enforcement of rules and regulations governing operations of Federal savings and loan associations and appointment of conservators and receivers

This section amending subsection (d) of section 5 of the Home Owners' Loan Act of 1933 is a complete revision of subsection (d). Under present provisions of the act the appointment of a conservator or receiver is the only means the Home Loan Bank Board has to enforce the law and regulations under which Federal savings and loan associations operate. Section 603 (2) would provide a means by administrative and court proceedings whereby the Board could enforce compliance with law and regulations by Federal savings and loan associations in cases where the Board felt that the appointment of a conservator or receiver was not necessary or desirable. Any association charged with the violation of any regulation or of law would have 30 days after receipt of a formal resolution setting out the violations within which to correct the alleged violations. If there is no compliance during this period provision is made for a hearing on 20 days' notice to consider the alleged violation. After hearing and adjudication an appeal shall lie by a review of the court of the hearings. The review of the court shall be upon the weight of the evidence.

The hearings and court proceedings may be in the Federal judicial district in which the association is located.

This subsection also provides the procedure for the appointment of conservators, receivers, and supervisory representatives. The specific grounds authorizing the appointment of a conservator or receiver are set out. No conservator or receiver may be appointed except pursuant to a formal resolution stating the grounds for the appointment and until an opportunity for an administrative hearing is afforded to the association. If, however, any of the grounds exist for the appointment of a conservator or receiver and the Board determines an emergency exist, it may appoint a supervisory representative without notice to take charge until the appointment of a conservator or receiver.

Section 603 (3): Increase in authorized investment in unsecured loans for home repair and improvement

This subsection would increase from \$1,500 to \$3,000, the maximum amount of an unsecured loan in which an association could invest.

TITLE VII—VOLUNTARY HOME CREDIT PROGRAM

Section 701: Declaration of policy

This section declares it to be the purpose of title VII to encourage and facilitate the flow of mortgage credit into remote areas and small communities through the voluntary cooperation and effort of private lending institutions, and to assist in the development of a program whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic stability and growth of the Nation through extension of the market for insured or guaranteed mortgage loans.

Section 702: Definitions

This section would define terms used in title VII.

Section 703: National Voluntary Mortgage Credit Extension Committee

This section would establish a National Voluntary Mortgage Credit Extension Committee, called the "National Committee," which would consist of the Housing and Home Finance Administrator as Chairman and other persons appointed by the Administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

(c) Two representatives of real-estate boards.

The Housing Administrator would also be required to request the Board of Governors of the Federal Reserve System and the Administrator of Veterans' Affairs to designate a representative of the Board and the Veterans' Administration, respectively, to serve on the National Committee in an advisory capacity. In selecting and appointing the members of the National Committee (and regional committees referred to below), the Housing Administrator would be required to give due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Such persons appointed by the Administrator would serve on a voluntary basis.

Section 704: Regional subcommittees

Subsection (a) of this section would require that, as soon as practicable, the National Committee divide the United States into regions conforming generally to the Federal Reserve districts, and that the Housing Administrator, after consultation with the other members of the National Committee, designate for each such region five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans.

Subsection (b) of this section would authorize the Housing Administrator to provide office space and staff assistance to a regional subcommittee, and to utilize the services of the Federal Reserve banks for this purpose.

Sections 705, 706, and 707: Function of National Committee and of regional subcommittees

Section 705 provides that the function of the National Committee and the regional subcommittees shall be to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans.

Section 706 would require the National Committee to study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and to receive reports from and correlate the activities of the regional subcommittee. It would also be required to periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the National Committee and regional subcommittees in performing their function, and, to the extent practicable, maintain liaison with State and local government housing officials in order that they may be fully apprized of the function and work of the National Committee and regional subcommittees. The Housing Administrator would be required to, not later than April 1 in each year, make a full report of the operations of the National Committee and the regional subcommittees to the Congress.

Subsection (a) of section 707 would require each regional subcommittee to make studies in its region for the National Committee, to maintain liaison with local FHA and VA officials, and request such officers to furnish information on unsatisfied demand for loans eligible for FHA insurance or VA guaranty.

Subsection (b) of section 707 would authorize a regional subcommittee to assist any applicant in obtaining private financing for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

(3) the applicant is eligible for insurance or guaranty under the Servicemen's Readjustment Act of 1941, as amended, or consents that the mortgage to be issued as security for the loan be insured under the National Housing Act, as amended.

Similar assistance would be authorized to a person who has made application for a direct VA housing loan, and to financial institutions seeking to locate other institutions willing to repurchase these mortgage loans.

Subsection (c) of section 707 would authorize a regional subcommittee to request the National Committee to obtain the aid of other regional subcommittees in seeking sources of mortgage credit, and to request assurances from financing institutions that they will make funds available for Government insured or guaranteed home mortgages in any specified areas.

Section 708: Regulations of Administrator

This section would authorize the Housing Administrator, after consultation with the National Committee, to issue general rules and procedures for the effective implementation of title VII and for the functioning of the regional subcommittee.

Sections 709, 710, and 711: General provisions

Section 709 would waive any application of the antitrust laws or the Federal Trade Commission Act to functions under title VII.

Section 710 is the usual savings clause.

Section 711 provides that the authority of title VII shall expire June 30, 1957, or prior thereto by concurrent resolution of Congress.

TITLE VIII—URBAN PLANNING AND RESERVE OR PLANNED PUBLIC WORKS

Section 801: Urban planning

This section of the bill recognizes the importance of extending Federal assistance to meet the planning needs of the smaller communities and of metropolitan and regional areas. It would authorize the Housing and Home Finance Administrator to provide planning grants, up to 50 percent of the estimated cost, to State, metropolitan, and regional area planning agencies for metropolitan or regional area planning, and to State planning bodies for the purpose of assisting municipalities under 25,000 in urban planning by providing professional and technical planning services to them. Five million dollars would be authorized to be appropriated for the grants, and appropriations would remain available until expended.

Section 802: Reserve of planned public works

This section would provide for the resumption of Federal aid to assist in the advance planning of State and local non-Federal public works. The Housing and Home Finance Administrator would be empowered to make advances to the States, their agencies, and political subdivisions for the planning of public works (other than housing) which conform to an overall State, local, or regional plan ap-

proved by a competent State, local, or regional authority. Any such advance would become repayable in full, without interest, if and when the construction of the public works contemplated by the advance was undertaken or started. However, if payment is not made promptly when due the unpaid amount of the advance would bear interest at the rate of 4 percent per annum from the date the Federal Government made demand for repayment.

As indicated by the section, its purpose is to encourage the States and other non-Federal public agencies to maintain a continuing and adequate reserve of planned public works (exclusive of housing) the construction of which can be quickly commenced when the economic situation may make such action desirable.

Authority is included to appropriate not to exceed \$10 million to effectuate the purposes of the section. Amounts so appropriated would remain available until expended. The authority to make advances would expire July 1, 1957.

TITLE IX—MISCELLANEOUS PROVISIONS

Section 901: Exemption of unusual types of permanent Lanham Act housing from preference requirements in disposition

This section would amend section 607 of the Lanham Act by adding a new subsection (g) which would authorize the Housing and Home Finance Administrator to dispose of certain types of permanent war housing without regard to requirements in the act for preferences to veterans and occupants of the housing in the purchase of the housing. Such preference requirements would be waived when the Administrator determines that the housing—

- (1) is unsuitable for family dwelling use,
- (2) is being used at the time of disposition for other than dwelling purposes,
- (3) was offered with preferences substantially similar to those provided in the act to veterans and occupants prior to the enactment of the preference provisions, or
- (4) is to be sold with a requirement that it be removed from its present location.

Section 902: Consolidation of reports to Congress

This section would provide for the submission by the Housing Administrator to the President for transmission to the Congress of a single annual report on all operations under the jurisdiction of the Housing Agency. There are presently a number of requirements in various housing laws and reports on parts of the operations of the Housing Agency and these reports are required to be made at various times. The requirement of this section would take the place of these scattered existing reporting requirements which would be repealed.

Section 903: Reduction of vulnerability to enemy attack

This section would provide that all housing functions and programs of the Federal Government shall be carried out, consistent with the requirements of the functions and programs, in a manner that will facilitate progress in the reduction of vulnerability of congested urban areas to enemy attack.

Section 904: Farm housing

This section would provide additional authorization for the farm-housing assistance under title V of the Housing Act of 1949 (Public Law 171, 81st Cong.). (That title authorized the Secretary of Agriculture to make (1) long-term loans to farmers having adequate farms who are nevertheless unable to obtain private credit on reasonable terms; (2) similar loans, supplemented by modest contributions for 5 years, where the farmer is unable to undertake to repay the loan in full and the farm is not adequate but capable of being improved to the point where it is self-sustaining; and (3) modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants.) This section would provide the following additional authorization, to be available on or after July 1, 1954, for title V: (1) \$100 million in the amount of loan funds which can be obtained from the Treasury; (2) \$2 million per annum in the amount of annual contribution commitments for housing on potentially adequate farms; and (3) \$10 million in the amount of appropriations authorized for loans and grants for improvements and repairs.

Sections 905 and 906: Act controlling and separability

These sections contain customary act-controlling and separability provisions:

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT, AS AMENDED

TITLE I—HOUSING RENOVATION AND MODERNIZATION

* * * * *

SEC. 2. * * *

(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it [(1) if the amount of such loan, advance of credit, or purchase made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000] (1) *if the amount of such loan, advance of credit, or purchase exceeds \$3,000*; (2) if such obligation has a maturity in excess of [three years] *five years* and thirty-two days, except that such maturity limitation shall not apply if such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for agricultural purposes; or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Commissioner shall prescribe, in order to make credit available for the purposes of this title: *Provided*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of [\$10,000 and having a maturity not in excess of seven years] *\$10,000 or \$1,500 per family unit, whichever is the greater, and having a maturity not in excess of ten years* and thirty-two days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose

of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families: *Provided further*, That any obligation with respect to which insurance is granted under this section on or after July 1, 1939, may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

(f) The Commissioner shall fix a premium charge for the insurance hereafter granted under this section, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 per centum per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Commissioner. The moneys derived from such premium charges and all moneys collected by the Commissioner as fees of any kind in connection with the granting of insurance as provided in this section, and all moneys derived from the sale, collection, disposition, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner as provided in subsection (c) of this section with respect to insurance granted on and after July 1, 1939, shall be deposited in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the Federal Housing Administration under this section, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this section. *The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of June 30, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.*

[ANNUAL REPORT] TAXATION

[SEC. 5. The Commissioner shall make an annual report to the Congress as soon as practicable after the 1st day of January in each year of his activities under this title and titles II, III, VI, VII, VIII and IX of this Act.]

SEC. 8. (a) To assist in providing adequate housing for families of low and moderate income, particularly in suburban and outlying areas, this section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act by making feasible the insurance of mortgages covering properties in areas where it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas. The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (as defined in section 201 of this Act) offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this section and outstanding at any one time shall not exceed \$100,000,000, except that with the approval of the President such aggregate amount may be increased at any time or times by additional amounts aggregating not more than \$150,000,000 upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest [] : *And provided further*, That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date.

TITLE II—MORTGAGE INSURANCE

• • • • • • •
 SEC. 203. * * *

(b) To be eligible for insurance under this section a mortgage shall— * * *

[(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount—

[(A) not to exceed \$16,000 and not to exceed 80 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property upon which there is located a dwelling or dwellings designed principally for residential use for not more than four families in the aggregate, irrespective of whether such dwelling or dwellings have a party wall or are otherwise physically connected with another dwelling or dwellings: *Provided*, That the Commissioner may increase such dollar amount limitation by not exceeding \$4,500 for each additional family dwelling unit in excess of two located on such property, or

[(B) Repealed.]

[(C) not to exceed \$9,450 and not to exceed the sum of (i) 95 per centum of \$7,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 70 per centum of such value in excess of \$7,000 and not in excess of \$11,000, of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property and shall have paid on account of the property at least 5 per centum of the appraised value, or such larger amount as the Commissioner may determine, in cash or its equivalent, or

[(D) not to exceed \$6,650, except that the Commissioner may by regulation increase this amount to not to exceed \$7,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, urban, suburban, or rural, upon which there is located a dwelling designed principally for a single-family residence and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That if the Commissioner finds that it is not feasible, within the aforesaid dollar amount limitation, to construct dwellings containing three or four bedrooms without sacrifice of sound standards of construction, design, and livability, he may increase such dollar amount limitation by not exceeding \$950 for each additional bedroom (as defined by the Commissioner) in excess of two contained in such dwelling if he finds that such dwelling meets sound standards of design and livability as a three-bedroom unit or a four-bedroom unit, as the case may be: *Provided further*, That with respect to mortgages insured under this paragraph the mortgagor shall be the owner and occupant of the property and shall have paid on account of the property at least 5 per centum of the appraised value in cash or its equivalent, or shall be the builder constructing the dwelling in which case the principal obligation shall not exceed \$5,950 for a one-bedroom unit or a two-bedroom unit, \$6,800 for a three-bedroom unit, or \$7,650 for a unit having four or more bedrooms, except that the Commissioner may by regulation increase each of the maximum dollar amount limitations contained in this proviso by not to exceed \$850 in any geographical area where he finds that cost levels so require, and shall not exceed 85 per centum of the appraised value of the property: *And provided further*, That the Commissioner may by regulation provide that the maximum dollar amount limitations in this paragraph (D) shall be fixed at lesser amounts where he finds, for any section or locality or for the country as a whole or at any time, that it is feasible, within such lesser dollar amount limitations, to construct dwellings for families of lower income without sacrifice of sound standards of construction, design, and livability.]

(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 95 per

centum of \$8,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of \$8,000: *Provided, That the mortgagor shall have paid on account of the property at least 5 per centum (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: And provided further, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount.*

[(3) Have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the date of the insurance of the mortgage: *Provided, That a mortgage on property approved for insurance prior to the beginning of construction shall be eligible for insurance under this section if it has a maturity satisfactory to the Commissioner, but not to exceed twenty-five years from the date of the insurance of the mortgage, or not to exceed thirty years in the case of a mortgage insured under paragraph (2) (D) of this subsection.*]

(3) *Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the insurance of the mortgage: Provided, That the maturity of any such mortgage shall not exceed the maximum maturity prescribed therefor by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954, has authorized a greater maturity, in which event the maturity of such mortgage shall not exceed such greater maturity.*

* * * * *

[(5) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed 6 per centum per annum if the Commissioner finds that in certain areas or under special circumstances the mortgage market demands it, or not to exceed 4 per centum per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection, or not to exceed such per centum per annum, not in excess of 5 per centum, as the Commissioner finds necessary to meet the mortgage market.]

(5) *Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.*

* * * * *

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided, That a premium charge so fixed and computed shall also be applicable to each mortgage insured prior to the date of enactment of the National Housing Act Amendments of 1938 in lieu of any premium charge which would otherwise become due after such date with respect to such mortgage: Provided further, That in the case of any mortgage described in section 203 (b) (2) (B) and accepted for insurance after such date and prior to July 1, 1939, the premium charge shall be one-fourth of 1 per centum per annum on such outstanding principal obligation. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: [Provided] Provided, That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: Provided further, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. * * **

(d) The Commissioner is authorized to insure, pursuant to the provisions of this section, any mortgage which (A) covers a farm upon which a farm house or other farm buildings are to be constructed or repaired, and (B) otherwise would be eligible for insurance under the provisions of paragraph (b) of this

section: *Provided*, That the construction and repairs to be undertaken on such farm shall involve the expenditure for materials and labor of an amount not less than 15 per centum of the total principal obligation of said mortgage[.]; *And provided further*, That no mortgage shall be insured pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date.

* * * * *

[(f) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Commissioner that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by the mortgage offered for insurance after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.

[(g) Notwithstanding any other provisions of this section, a mortgage otherwise eligible for insurance hereunder and covering property upon which there is located a dwelling designed principally for a single-family residence and which is approved for mortgage insurance prior to the beginning of construction, may have such higher ratio of loan to value and such longer maturity than otherwise provided as the President may determine to be in the public interest, taking into account the general effect of such higher ratio or longer maturity, as the case may be, upon conditions in the building industry and upon the national economy: *Provided*, That the principal obligation of any such mortgage shall not exceed \$12,000 and the maturity thereof shall not exceed thirty years: *And provided further*, That with respect to any such mortgage the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent.]

(h) *Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which does not involve a principal obligation in excess of \$7,000 or in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.*

SEC. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Commissioner, or shall, with the consent of the Commissioner, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Commissioner. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Commissioner shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens

prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, insurance on the mortgaged property, and [any mortgage insurance premiums paid after either of such dates] any mortgage insurance premiums paid after either of such dates, any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (B) of this Act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Commissioner, on account of foreclosure costs actually paid by the mortgagee and approved by the Commissioner an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of \$75: *And provided further*, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (D) or under the second proviso of section 207 (c) (2) of this Act, or under Section 213 of this Act, or with respect to any mortgage accepted for insurance under section 203 on or after the date of enactment of the Housing Act of 1954, there may be included in the debentures issued by the Commissioner on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Commissioner an amount, not in excess of two-thirds of such cost or \$75 whichever is the greater: *And provided further*, That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are insured under section 203 of the National Housing Act, as now or hereafter amended, and subject to such regulations and conditions as the Commissioner may prescribe there shall be included in the debentures an amount which the Commissioner finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of insurance premiums by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter. **[.]**: *And provided further*, That notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner. * * *

* * * * *

(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature [three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued, except that debentures issued with respect to mortgages insured under section 213

shall mature twenty years after the date of such debentures] *ten years after the date thereof.*

* * * * *

(i) *In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.*

[Sec. 205. (a) Mortgages accepted for insurance under section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any such mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Commissioner in connection therewith and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for property conveyed to the Commissioner under section 204 in connection with mortgages insured under section 203, payments made or to be made to the mortgagee and the mortgagor as provided in section 204, and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Commissioner in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

[(b) The Commissioner shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title with respect to mortgages insured under section 203 may be allocated in the discretion of the Commissioner among the several group accounts are charged to the general reinsurance account, and the amount allocated to the Fund under section 202 shall be credited to the general reinsurance account; except that any expenses incurred prior to July 1, 1939, with respect to mortgages described in section 203 (b) (2) (B) shall be charged to the general reinsurance account.

[(c) The Commissioner shall, except as to group accounts terminated as of a date prior to July 1, 1953, transfer from each of the several group accounts to the general reinsurance account, beginning as of July 1, 1953, and as of the beginning of each semiannual period thereafter, an amount which, in the case of the initial transfer, shall equal 10 per centum of the total premium charges theretofore credited to such group accounts, and, in the case of subsequent transfers, shall equal the amount of any adjusted premium charges collected by the Commissioner in connection with the payment in full of insured mortgages prior to maturity on or after July 1, 1953, and an amount which shall in no event be less than 10 per centum nor more than 35 per centum of all other premium charges credited to such group accounts during the preceding semiannual period: *Provided*, That until such time as the Commissioner determines that the resources in the general reinsurance account are sufficient to cover all estimated future deficits among individual group accounts, 100 per centum of all other premium charges credited to such group accounts during each such semiannual period shall be transferred as provided in this subsection. The Commissioner shall terminate the insurance as to any group of mortgages (1) when he shall determine that the amounts to be distributed, as hereinafter set forth, to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage, or (2) when all the outstanding mortgages in any group have been paid. In addition to the amounts transferred as herein provided, the Commissioner shall, upon such termination, charge to the group account the estimated losses arising from transactions relating to that group, and shall distribute to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group the balance remaining in such group account, less any amount by which such balance exceeds the aggregate scheduled annual premiums of such mortgagors to the year of termination of the insurance: *Provided*, That any undistributed balance in the group account

at termination shall be transferred to the general reinsurance account. Any such distribution to mortgagees shall be made equitably and in accordance with sound actuarial and accounting practice: *Provided*, That in no event shall any distribution to a mortgagor or for the account of a mortgagor under any provision of this section exceed his aggregate scheduled annual premiums to the year of termination of the insurance.

[(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account, or be subject to any liability arising out of the mutuality of the Fund, and the determination of the Commissioner as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive.

[(e) In the event that any mortgagee under a mortgage insured under this title forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with section 204, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under section 204 shall terminate as of the date of such notice. Upon such termination the mortgagor under a mortgage insured under section 203 shall be entitled to receive a share of the credit balance of the group account to which the mortgage has been assigned in such amount as the Commissioner shall determine to be equitable and not inconsistent with the solvency of the group account and of the Fund.]

Sec. 205. (a) The Commissioner shall establish as of July 1, 1954, in the Mutual Mortgage Insurance Fund a General Surplus Account and a Participating Reserve Account. All of the assets of the General Reinsurance Account shall be transferred to the General Surplus Account whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the General Surplus Account whereupon all of said group accounts shall be abolished.

(b) The aggregate net income thereafter received or any net loss thereafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: Provided, That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive.

* * * * *

SEC. 207. * * *

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

(1) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, not to exceed \$50,000,000;

(2) not to exceed 80 per centum of the estimated value of the property or project (when the proposed improvements are completed): *Provided*, That except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, such

mortgage shall not exceed the amount which the Commissioner estimates will be the cost of the completed physical improvements on the property or project exclusive of public utilities and streets and organization and legal expenses: *Provided further, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals: And provided further, That the above limitations in this paragraph (2) shall not apply to mortgages on housing in the Territory of [Alaska.] Alaska, or in Guam, but such a mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the value of the property or project as such term is used in this paragraph may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest accruing during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and*

[(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit) and not in excess of \$10,000 per family unit.]

(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit): Provided, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,000 per room to not to exceed \$2,400 per room and the dollar amount limitation of \$7,200 per family unit to not to exceed \$7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design: And provided further, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of this section 207 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount.

Notwithstanding any of the limitations contained in paragraphs numbered (2) and (3) of this subsection (c), if the number of bedrooms in such property or project is equal to or exceeds two per family unit, and the principal obligation of the mortgage does not exceed \$7,200 per family unit for such part of such property as may be attributable to dwelling use, the mortgage may involve a principal obligation not in excess of 90 per centum of the estimated value of the property or project (when the proposed improvements are completed).

* * * * *

(d) The Commissioner shall collect a premium charge for the insurance of mortgages under this section and section 210 which shall be payable annually in advance by the mortgagee, either in cash or in debentures of the *Housing Insurance Fund* issued by the Commissioner under this title at par plus accrued interest.

* * * * *

(h) The certificate of claim issued under this section shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Commissioner provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage[.] *and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner.*

* * * * *

SEC. 212. (a) The Commissioner shall not insure under section 207 or section 210 of this title, or under section 608 of Title VI, pursuant to any application for insurance filed subsequent to the effective date of this section, or under section 213 of this title, or under Title VII pursuant to any application filed subsequent to sixty days after the date of enactment of the Housing Act of 1950, or under Title VIII, or under section 908 of Title IX, a mortgage or investment which covers property on which there is or is to be located a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor prior to the beginning of construction and after the date of the filing of the application for insurance. *The provisions of this section shall also apply to the insurance of any mortgage under section 220 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families.*

* * * * *

SEC. 213. (a) In addition to mortgages insured under section 207 of this title, the Commissioner is authorized to insure mortgages as defined in section 207 (a) of this title (including advances on such mortgages during construction), which cover property held by—

(1) a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust; or

(2) a nonprofit corporation or nonprofit trust organized for the purpose of construction of homes for members of the corporation or for beneficiaries of the trust;

which corporations or trusts are regulated or restricted for the purposes and in the manner provided in paragraphs numbered (1) and (2) of subsection (b) of section 207 of this title.

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

[(1) not to exceed \$5,000,000:

[(2) not to exceed \$8,100 per family unit for such part of such property or project as may be attributable to dwelling use, except that if the Commissioner finds that the needs of individual members of the corporation or of individual beneficiaries of the trust could more adequately be met by per room limitations, the mortgage may involve a principal obligation in an amount not to exceed \$1,800 per room for such part of such project to be occupied by such members or beneficiaries; and not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed: *Provided*, That (i) such maximum dollar amount shall be increased by \$4.50 per family unit or \$1 per room, as the case may be, for each 1 per centum of the membership of the corporation or number of beneficiaries of the trust which consists of veterans and such maximum ratio of loan to cost shall be increased by one-twentieth of 1 per centum for each 1 per centum of the membership of the corporation or number of beneficiaries of the trust which consists of veterans, if evidence satisfactory to the Commissioner is furnished to establish that the benefits of such increase will accrue to the members of the corporation or beneficiaries of the trust who are veterans in the form of the elimination of the down payment which the corporation or trust would otherwise require in order to supply the difference between the amount of the mortgage loan and the estimated replacement cost of the property or project, or (ii) if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$8,550 per family unit or \$1,900 per room as the case may be and not to exceed 95 per centum of the amount which the Commissioner estimates as the replacement cost of the property or project when the pro-

posed improvements are completed: *Provided, That for purposes of this section the word "veteran" shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President.*

(1) *not to exceed \$5,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation;*

(2) *not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family if the number of rooms in such property or project does not equal or exceed four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed: Provided, That if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$2,375 per room (or \$8,550 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit), and not to exceed 95 per centum of the estimated value of the property or project when the proposed physical improvements are completed: Provided further, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) \$2,250 per room to not to exceed \$2,700; (ii) \$2,375 per room to not to exceed \$2,850; (iii) \$8,100 per family unit to not to exceed \$8,400; and (iv) \$8,550 per family unit to not to exceed \$8,900: Provided further, That such mortgage shall not involve a principal obligation exceeding the maximum amount per room or per family unit prescribed by the provisions of this section 213 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount: And provided further, That for the purposes of this section the word "veteran" shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President.*

* * * * *

(f) The Commissioner is authorized, with respect to mortgages insured or to be insured under this section, to furnish technical advice and assistance in the organization of corporations or trusts of the character described in subsection (a) of this section and in the planning, development, construction, and operation of their housing projects. **[In the performance of, and with respect to, the functions, powers, and duties vested in him by this section, the Commissioner, notwithstanding the provisions of any other law, shall appoint as Assistant Commissioner to administer the provisions of this section under the direction and supervision of the Commissioner.]**

* * * * *

[Sec. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time) and on the aggregate amount of contingent liabilities which may be outstanding at any one time under insurance contracts, or commitments to insure, pursuant to any section or title of this Act, any such aggregate amount shall, with respect to any section or title of this Act (except section 2), be prescribed by the President from time to time taking into consideration the needs of national defense and the effect of additional insurance authorizations upon conditions in the building industry and upon the national economy: *Provided, That the dollar amount of the insurance authorization prescribed by the President at any time with respect to any provision of title VI shall not be greater than authorized by provisions of that title: And provided further, That, at any time, the aggregate dollar amount of the mortgage insurance authorization prescribed by the President with respect to title IX of this Act, plus the aggregate dollar amount of all increases in*

insurance authorizations under other titles of this Act prescribed by the President pursuant to authority contained in this section, less the aggregate dollar amount of all decreases in insurance authorizations under this Act prescribed by the President pursuant to authority contained in this section shall not exceed \$3,400,000,000: *And provided further*, That \$400,000,000 of said sum shall be available only for the insurance of mortgages for which no insurance contract or commitment to insure under this Act was outstanding on June 30, 1952, and which mortgages (1) cover defense housing programmed by the Housing and Home Finance Agency in an area determined by the President or his designee to be a critical defense housing area, or (2) are insured under title VIII of this Act, or (3) cover housing intended to be made available primarily for families who are victims of a catastrophe which the President has determined to be a major disaster.】

Sec. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2) shall not exceed the sum of (a) the outstanding principal balance, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) \$1,500,000,000, except that with the approval of the President such aggregate amount may be increased by not to exceed \$500,000,000.

It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2) into one general insurance authorization to take the place of all existing authorizations or limitations.

* * * * *

SEC. 219. Notwithstanding limitations contained in any other sections of this Act as to the use of moneys credited to the Title I Housing Insurance Fund, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Military Housing Insurance Fund, [or the Defense Housing Insurance Fund,] *the Defense Housing Insurance Fund, or the Section 220 Housing Insurance Fund,* the Commissioner is hereby authorized to transfer funds from any one or more of such Insurance Funds to any other such Fund in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such Funds, separately and jointly to carry out effectively the insurance programs for which such Funds were established.

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

Sec. 220. (a) The purpose of this section is to supplement the insurance of mortgages under sections 203 and 207 of this title by providing a system of mortgage insurance to provide financial assistance in the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations as an aid in the elimination of blight and slum conditions and in the prevention of the deterioration of property located in an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended.

(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3) (B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon: Provided, That the property covered by the mortgage is in an urban renewal area referred to in subsection (a) of this section.

(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date", and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) The mortgaged property shall be located in a delineated area (within an urban renewal area as defined in title I of the Housing Act of 1949, as amended) with respect to which delineated area a specific plan of rehabilitation and conservation has been established to carry out the purposes set forth in subsection (a) of this section: *Provided, That, in the opinion of the Commissioner (i) there exists necessary authority and financial capacity to assure the completion of such plan and (ii) such plan will be effective to assure compliance with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.*

(2) The mortgaged property shall be held by—

(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the Section 220 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

(B) by Federal or State instrumentalities, municipal corporate instrumentalities, of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

(A) not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (i) 95 per centum of \$8,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 75 per centum of such value in excess of \$8,000: *Provided, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount; or*

(B) (i) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50,000,000; and

(ii) not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed (the value of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$7,200 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit): *Provided, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$7,200 per family unit to not to exceed \$7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: Provided further, That a mortgage coming within the provisions of this paragraph (3) (B) shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of section 207 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has author-*

ized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount: And provided further, That nothing contained in part (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954, has authorized a greater maturity, in which event the maturity of such mortgage shall not exceed such greater maturity: Provided, That such maturity shall not exceed, in any event, thirty years from the date of insurance of the mortgage. The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 220 Housing Insurance Fund.

(g) There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 220 Housing Insurance Fund.

Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 220 Housing Insurance Fund. The principal of, and

interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

Sec. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families to be displaced as the result of governmental action in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: Provided, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families to be so displaced, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: And provided further, That the total number of dwelling units in properties covered by mortgages insured under this section in any such community shall not exceed the total number of such dwelling units which the Commissioner determines to be needed for the relocation of families to be so displaced and who would be eligible to obtain the benefits of the insurance authorized by this section.

(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date" and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$7,000, and not to exceed 100 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: Provided, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses): Provided further, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built for sale and the insured mortgage financing is required to facilitate the construction of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

(3) if executed by a mortgagor which is a nonprofit corporation or association or other acceptable nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of State or agencies thereof, as to rents, charges, and method of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$5,000,000; and not in excess of \$7,000 per family unit for such part of such property or project as may be attributable to dwelling use, and not in excess of 100 per centum of the Commissioner's estimate of the value of the property or project when repaired and rehabilitated for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed forty years from the date of insurance of the mortgage; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess

of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221, Housing Insurance Fund; or

(3) in the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as con-

tained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act.

(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

Monies in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

MISCELLANEOUS HOUSING INSURANCE

Sec. 222. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203 or section 207, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203 or section 207 of this title any mortgage—

(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

(2) executed in connection with the sale by the Public Housing Administration, or by any public housing agency with the approval of the said Administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties under the jurisdiction of the Tennessee Valley Authority; or

(4) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

(5) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), and (3) above; or

(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 903 or section 908 of title IX: Provided, That the principal amount

of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraphs (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisals, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be.

(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II.

INTEREST RATES AND MORTGAGE TERMS

Sec. 223. The Commissioner shall make such rules and regulations in connection with his functions under this Act as may be necessary to carry out limitations relating thereto established by the President pursuant to the authority vested in him by section 201 of the Housing Act of 1954.

OPEN-END MORTGAGES

Sec. 224. Notwithstanding any other provisions of this Act, in connection with any mortgage insured pursuant to any section of this Act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an "open-end" provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided*, That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such "open-end" advances: And provided further, That the insurance of "open-end" advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this Act.

[TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

[CREATION AND POWERS OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION

[SEC. 301. (a) The Administrator is further authorized and empowered to provide for the establishment of a Federal National Mortgage Association (hereinafter referred to as the "Association") which shall be authorized, subject to such rules and regulations as may be prescribed by the Association—

[(1) to purchase, service, or sell any mortgages, which are insured under this Act, as amended, or insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: *Provided*, That no such mortgage, except defense or disaster mortgages as defined in subparagraph (G) hereof, shall be purchased by the Association unless insured or guaranteed after February 29, 1952, or purchased pursuant to a commitment made by the Association: And provided further, That—

[(A) no mortgage shall be offered to the Association for purchase by, or if it covers property held by, Federal, State, or municipal instrumentalities;

[(B) no mortgage may be purchased for an amount exceeding the unpaid principal balance thereof, plus accrued interest, at the time of purchase;

[(C) no mortgage shall be offered to the Association for purchase if the original principal obligation of the loan exceeds or exceeded \$10,000 for each family residence or dwelling unit covered by the mortgage or other lien securing the loan;

[(D) no mortgage shall be offered to the Association for purchase unless offered by the original mortgagee prior to any other sale thereof;

[(E) no mortgage shall be offered to the Association for purchase by any one mortgagee (1) unless such mortgage is secured by property used, or designed to be used, for residential purposes and (2) if the principal amount to be paid therefor, when added to the aggregate principal amount paid for all mortgages purchased by the Association from such mortgagee after February 29, 1952, pursuant to the authority contained herein, exceeds 50 per centum of the original principal amount of all mortgage loans made by such mortgagee that are insured or guaranteed after February 29, 1952, which, except for this subparagraph (E), meet the requirements of this section: *Provided*, That the foregoing clause (2) shall not apply to (nor shall any terms therein include) any defense or disaster mortgages as defined in subparagraph (G): *Provided further*, That, in lieu of or in conjunction with the other requirements with respect to mortgages covered by the aforesaid clause (2), and also with respect to any defense or disaster mortgages as defined in subparagraph (G), the Association may (in the discretion of its Board of Directors, and notwithstanding the provisions of subparagraph (G)) issue a purchase contract (which shall not be assignable or transferable except with the consent of the Association) in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder thereof to sell to the Association mortgages in the amount of the contract, upon such terms and conditions as the Association may prescribe: *And provided further*, That the authority of the Association to issue purchase contracts hereunder shall expire July 1, 1954, and the aggregate amount of such purchase contracts issued shall not exceed \$500,000,000; and

[(F) no loan guaranteed under section 501 or section 502 of the Servicemen's Readjustment Act of 1944, as amended, which is made to finance all or part of the purchase price or construction cost of a dwelling, shall be purchased by the Association (except pursuant to a commitment made or issued prior to the effective date of this paragraph) unless the Administrator of Veterans' Affairs certifies that such dwelling conforms with minimum construction requirements prescribed by him: *Provided*, That this clause (4) shall become effective ninety days after the date of enactment of the Housing Act of 1950.

[(G) The Association after the effective date of this subparagraph may contract to purchase only those eligible mortgages which are guaranteed or insured at the time of the contract: *Provided*, That this subparagraph shall not apply to (i) commitments made pursuant to Public Law 243, Eighty-second Congress, or (ii) commitments made by the Association on or after September 1, 1951, and prior to July 1, 1954, which do not exceed \$1,152,000,000 outstanding at any one time, if such commitments of the Association relate to defense or disaster mortgages. As used in this title III, "defense or disaster mortgages" means mortgages (1) covering defense housing programmed by the Housing and Home Finance Administrator in an area determined by the President or his designee to be a critical defense housing area, or (2) with respect to which the Federal Housing Commissioner has issued a commitment to insure pursuant to title VIII of this Act, as amended, or (3) covering housing intended to be made available primarily for families who are victims of a catastrophe which the President has determined to be a major disaster.

[(2) to borrow money for any of the foregoing purposes through the issuance of notes or other such obligations as hereinafter provided.

[(b) The Federal National Mortgage Association, a subsidiary of the Reconstruction Finance Corporation and established pursuant to the provisions of this title as in effect prior to June 1, 1948, shall be the Association referred to in subsection (a) of this section. The Board of Directors of the Association shall consist of not less than five persons to be appointed by the Chairman of the Board of Directors of the Reconstruction Finance Corporation, or the Acting Chairman in the case of a vacancy in the office of Chairman, from the Directors, officers, or employees of such Corporation and the officers shall be appointed by the Board of Directors from the Directors, officers, or employees of the Reconstruction Finance Corporation.

[(c) The Association created under this section shall have succession from the date of its organization unless it is dissolved by order of the Administrator as hereinafter provided, or by Act of Congress, and shall have power—

[(1) to adopt and use a corporate seal;

[(2) to make contracts;

[(3) to sue and be sued; complain and defend, in any court of law or equity, State or Federal;

[(4) to conduct its business in any State of the United States, or in the District of Columbia, Guam, Alaska, Hawaii, Puerto Rico, or the Virgin Islands, and to have one or more offices in such State, or in the District of Columbia, Guam, Alaska, Hawaii, or Puerto Rico, one of which offices shall be designated at the time of organization as its principal office;

[(5) to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

[(d) The Association may have a capital stock of not to exceed \$20,000,000 and paid-in surplus of \$1,000,000 subscribed by the Reconstruction Finance Corporation.

[(e) The Association, for the purpose of all actions by or against it, real, personal, or mixed, and all suits in equity, shall be deemed a citizen of the place in which its principal office is located.

[(f) No individual, association, partnership, or corporation, except the Association organized under this section, shall hereafter use the words "Federal National Mortgage Association" or any combination of such words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$100 or imprisonment not exceeding thirty days, or both, for each day during which such violation is committed or repeated. The provisions of section 5243 of the Revised Statutes shall not apply to the Association created under this title.

[OBLIGATIONS

[SEC. 302. The total amount of investments, loans, purchases, and commitments made by the Association shall not exceed \$3,650,000,000 outstanding at any one time. The Association is authorized to issue and have outstanding at any one time notes and other obligations in an aggregate amount sufficient to enable it to carry out its functions under this Act or any other provision of law.

[INVESTMENT OF FUNDS

[SEC. 303. Moneys of the Association not invested in mortgages or in operating facilities shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; except that the Association shall keep and maintain such reserves as it may deem necessary.

[TAXATION PROVISIONS

[SEC. 304. The Association, including its franchise, capital, reserves, surplus, mortgage loans, income, and stock shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Association shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

[MANAGEMENT OF ACQUIRED PROPERTIES]

[SEC. 305. The Association shall have power to deal with, rent, renovate, modernize, or sell for cash or credit, or otherwise dispose of, with a view to assuring a maximum financial return to the Association, any property acquired by it as a result of foreclosure proceedings or otherwise.]

[LIQUIDATION]

[SEC. 306. The Administrator shall have power to terminate the existence of the Association and order its liquidation and the winding up of its affairs whenever the Administrator determines, in his judgment, that the need therefor no longer exists. The Association shall make a report of its activities to the Administrator in January and July of each year for the preceding six months' period, which report shall be transmitted to the Congress, together with the Administrator's recommendation thereon.]

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

PURPOSES

Sec. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy; and

(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

CREATION OF ASSOCIATION

Sec. 302. (a) There is hereby created a body corporate to be known as the "Federal National Mortgage Association" (hereinafter referred to as the "Association"), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured under this Act, as amended, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: Provided, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; and (2) the Association may not purchase any mortgage if (i) it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality or (ii) the original principal obligation thereof exceeds or exceeded \$12,500 for each family residence or dwelling unit covered by the mortgage.

CAPITALIZATION

Sec. 303. (a) The Association shall have nonvoting capital stock, to which the Secretary of the Treasury initially shall subscribe as provided in subsections (d) and (e) of this section. The stock of the Association shall have a par value of \$100 per share, and shall not be transferable except on the books of the Association. At the option of the Association such stock shall be retireable at par value at any time, except that retirements of stock (other than stock held by the Secretary of the Treasury) shall not be made if, as a consequence thereof, the amount remaining outstanding would be less than \$100,000,000. With respect to such stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year until such stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the capital stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible.

(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of non-refundable capital contributions equal to not less than 3 per centum of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association, or such greater percentage as may from time to time be determined by the Association. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall not apply to the special assistance functions of the Association under section 305 of this title or to the management and liquidating functions of the Association under section 306 of this title.

(c) Until such time as all of the stock held by the Secretary of the Treasury has been retired, the Association shall issue, from time to time, to each mortgage seller its convertible certificates (only in denominations of \$100 or multiples thereof) evidencing any capital contributions made by such seller pursuant to subsection (b) of this section, which certificates shall not be transferable except on the books of the Association. Subject to such terms and conditions as may be prescribed by the board of directors, such certificates shall be convertible into capital stock of the Association having an equal par value, but no such conversion shall be permitted or made until such time as all of the outstanding capital stock of the Association held by the Secretary of the Treasury has been retired and the Secretary of the Treasury does not hold any of the obligations of the Association purchased under section 304 (c) of this title. After all of the stock held by the Secretary of the Treasury has been retired, the Association may effect the direct issuance of stock in lieu of and in the same manner as is provided in this subsection for the issuance of convertible certificates. Such dividends as may be declared by the board of directors in its discretion shall be paid by the Association to its stockholders, but in any one fiscal year the general surplus account of the Association shall not be reduced through the payment of dividends (other than to the Secretary of the Treasury) which exceed in the aggregate 5 per centum of the par value of the outstanding stock of the Association.

(d) Within sixty days following the effective date of the Housing Act of 1954, as of the day following a cutoff date to be determined by the Association, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept capital stock of the Association having an aggregate par value equal to the sum of (1) the amount of \$21,000,000 (being the amount of the original subscription for capital stock of \$20,000,000 and paid-in surplus of \$1,000,000 of the Association) and (2) an amount equal to the Association's surplus, surplus reserves, and undistributed earnings, computed as of the close of the cutoff date.

(e) The capital stock of the Association delivered to the Secretary of the Treasury pursuant to subsection (d) of this section shall be in exchange for (1) the note or notes evidencing the aforesaid original \$21,000,000 (upon which

the accrued interest shall have been paid through the cutoff date referred to in subsection (d) of this section), and (2) the release to the Association of any and all rights or claims which the United States might otherwise have or claim in and to the Association's capital, surplus, surplus reserves, and undistributed earnings, computed as of the close of the aforesaid cutoff date.

(f) Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to make payments to the Association of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock or convertible certificates of the Association evidencing such capital contributions, and to hold or dispose of such stock or certificates, subject to the provisions of this title.

(g) As promptly as practicable after all of the capital stock of the Association held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator shall transmit to the President for submission to the Congress recommendations for such legislation as may be necessary or desirable to make appropriate provisions to transfer to the owners of the outstanding capital stock of the Association the assets and liabilities of the Association in connection with, and the control and management of, the secondary market operations of the Association under section 304 of this title in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

SECONDARY MARKET OPERATIONS

Sec. 304. (a) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors. In the interest of assuring sound operations, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, at or below the market price for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

(b) For the purposes of this section, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations in an aggregate amount sufficient to enable it to carry out its functions under this section, such obligations to have such maturities and to bear such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, and to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of obligations of the Association under this subsection outstanding at any one time shall not exceed ten times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings, and in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership pursuant to this section, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or

hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if (1) all of the capital stock of the Association held by the Secretary of the Treasury has been retired, or (2) such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than \$500,000,000 plus an amount equal to the total of such reductions in the maximum dollar amount prescribed by section 306 (c) as have theretofore been effected pursuant to that section: Provided, That such aggregate principal amount under this subsection (c) shall in no event exceed \$1,000,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

(d) The Association may not purchase participations or make any advance contracts or commitments to purchase mortgages for its operations under this section, except that the Association may, in the discretion of its board of directors, issue a purchase contract (which shall not be assignable or transferable except with the consent of the Association) in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder thereof to sell to the Association mortgages in the amount of the contract, upon such terms and conditions as the Association may prescribe.

SPECIAL ASSISTANCE FUNCTIONS

Sec. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$200,000,000 outstanding at any one time: Provided, That, notwithstanding such limitation, the President pursuant to subsection (a) of this section may also authorize the Association to exercise its powers to enter into commitments to purchase immediate participations and to make related deferred participation agreements as hereinafter in this subsection provided, but only to the extent that the total amount of such immediate participation commitments and purchases pursuant thereto (but not including the amount of any related deferred participation agreements or purchases pursuant thereto) shall not in any event exceed \$100,000,000 outstanding at any one time, and any such deferred participation agreements shall be made by the Association only on the basis of a commitment by it to

purchase an immediate participation of a 20 per centum undivided interest in each mortgage and a related deferred participation agreement by the Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the right to foreclose.

(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

MANAGEMENT AND LIQUIDATING FUNCTIONS

Sec. 306. (a) To carry out the purposes set forth in paragraph (c) of section 301, the Association is authorized and directed, as of the close of the cutoff date determined by the Association pursuant to section 303 (d) of this title, to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by capital stock as provided in section 303 (d) hereof, but inclusive of all rights and obligations under any outstanding contracts), and to maintain such separate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section.

(b) For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations in an aggregate amount sufficient to enable it to carry out its functions under this section, such obligations to have such maturities and to bear such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, and to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: Provided, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation

of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: And provided further, That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection and subsection (e) of this section the amounts of any mortgages otherwise transferred by law to the Association and held under the aforesaid separate accountability.

(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

(e) Of the \$3,650,000,000 total amount of investments, loans, purchases, and commitments heretofore authorized to be outstanding at any one time under this title III prior to the enactment of the Housing Act of 1954, a total of not to exceed \$300,000,000 shall be applicable as provided in section 305 of this title, and a total of not to exceed \$3,350,000,000 shall be applicable as provided in subsection (c) of this section.

SEPARATE ACCOUNTABILITY

Sec. 307. The Association shall establish and at all times maintain separate accountability for (a) its secondary market operations authorized by section 304 hereof, (b) its special assistance functions authorized by section 305 hereof, and (c) its management and liquidating functions authorized by section 306 hereof.

BOARD OF DIRECTORS

Sec. 308. (a) The Association shall have a Board of Directors consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by said Administrator from among the officers or employees of the Association, of the immediate office of said Administrator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The basic rate of compensation of the position of president of the Association shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency. The members of the board, as such, shall not receive compensation for their services.

GENERAL POWERS

Sec. 309. (a) The Association shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; by its board of directors,

to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, territory, or possession, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business in any State of the United States, including the District of Columbia and all territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that the Association may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of the purposes of the Association; and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

(b) Except as may be otherwise provided in this title, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Association shall determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for, and such determinations shall be final and conclusive upon all officers of the Government.

(c) The Association, including its franchise, capital, reserves, surplus, mortgages, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that (1) any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed, and (2) the Association shall, with respect to its secondary market operations under section 304 after the cutoff date referred to in section 303 (d) of this title, pay annually to the Secretary of the Treasury, for covering into miscellaneous receipts, an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations.

(d) The Chairman of the Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine, subject to the civil service and classification laws. Bonds may be required for the faithful performance of their duties, and the Association may pay the premiums therefor. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this title.

(e) No individual, association, partnership, or corporation, except the body corporate created by section 302 of this title, shall hereafter use the words "Federal National Mortgage Association" or any combination of such words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$100 or imprisonment not exceeding thirty days, or both, for each day during which such violation is committed or repeated.

(f) In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this title, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall

remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

(g) The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Association in the general performance of its powers, and the Association shall reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

INVESTMENT OF FUNDS

Sec. 310. Moneys of the Association not invested in mortgages or in operating facilities shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.

OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

Sec. 311. All obligations issued by the Association shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

SHORT TITLE

Sec. 312. This title III may be referred to as the "Federal National Mortgage Association Charter Act".

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SEC. 402. * * *

(c) * * *

[(4) To sue and be sued, complain and defend, in any court of law or equity, State or Federal.]

(4) To sue and be sued, complain and defend, in any court of competent jurisdiction in the United States or its territories or possessions, and may be served by serving a copy of process on any of its agents or any agent of the Home Loan Bank Board and mailing a copy of such process by registered mail to the Corporation at Washington, District of Columbia.

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[(f) The Corporation shall make an annual report of its operations to the Congress as soon as practicable after the 1st day of January in each year.]

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SEC. 405. (a) Each institution whose application for insurance under this title is approved by the Corporation shall be entitled to insurance up to the full withdrawal or repurchasable value of the accounts of each of its members and investors (including individuals, partnerships, associations, and corporations) holding withdrawable or repurchasable shares, investment certificates, or deposits, in such institution; except that no member or investor of any such institution shall be insured for an aggregate amount in excess of \$10,000.

(b) In the event of a default by any insured institution, payment of each insured account in such insured institution which is surrendered and transferred to the Corporation shall be made by the Corporation as soon as possible either (1) by cash or (2) by making available to each insured member a transferred account in a new insured institution in the same community or in another insured institution in an amount equal to the insured account of such insured member: *Provided*, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured accounts, and that in any case where the Corporation is not satisfied as to the validity of a claim for an insured amount, it may require the final determination of a court of competent jurisdiction before paying such claim.

(c) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of three years from the date of default unless, within such three-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the Corporation and its validity denied, in which event the action may be brought within two years from the date of such denial.

SEC. 406. * * *

(e) The Corporation shall make an annual report to the [Congress] *Housing and Home Finance Administrator* of the operation by it of insured institutions in default, and shall keep a complete record of the administration by it of the assets of such insured institutions which shall be subject to inspection by any officer of any such insured institution or by any other interested party, and, if any such insured institution is operated under the laws of any State, Territory, or possession of the United States, or of the District of Columbia, such annual report shall also be filed with the public authority which has jurisdiction over the insured institution.

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TITLE VI—WAR HOUSING INSURANCE

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Sec. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date.

[TITLE VII—INSURANCE FOR INVESTMENTS IN RENTAL HOUSING FOR FAMILIES OF MODERATE INCOME

[AUTHORITY TO INSURE

[SEC. 701. The purpose of this title is to supplement the existing systems of mortgage insurance for rental housing under this Act by a special system of insurance designed to encourage equity investment in rental housing at rents within the capacity of families of moderate income. To effectuate this purpose, the Commissioner is authorized, upon application by the investor, to insure as hereinafter provided, and, prior to the execution of insurance contracts and upon such terms as the Commissioner shall prescribe, to make commitments to insure, the minimum annual amortization charge and an annual return on the outstanding investment of such investor in any project which is eligible for insurance as hereinafter provided in an amount (herein called the "insured annual return") equal to such rate of return, not exceeding 2¼ per centum per annum, on such outstanding investment as shall, after consultation with the Secretary of the Treasury, be fixed in the insurance contract or in the commitment to insure: *Provided*, That any insurance contract made pursuant to this title shall expire as of the first day of the operating year for which the outstanding investment amounts to not more than 10 per centum of the established investment: *And provided further*, That the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to this title shall not exceed \$1,000,000,000.

[ELIGIBILITY

[SEC. 702. (a) To be eligible for insurance under this title, a project shall meet the following conditions:

[(1) The Commissioner shall be satisfied that there is, in the locality or metropolitan area of such project, a need for new rental dwellings at rents comparable to the rents proposed to be charged for the dwellings in such project.

[(2) Such projects shall be economically sound, and the dwellings in such project shall be acceptable to the Commissioner as to quality, design, size, and type.

[(b) Any insurance contract executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the project and the investor for such insurance, and the validity of any insurance contract so executed shall be incontestable in the hands of an investor from the date of the execution of such contract, except for fraud or misrepresentation on the part of such investor.

[(c) After completion of the project the investor must establish in a manner satisfactory to the Commissioner that the project is free and clear of liens and that there are no other outstanding unpaid obligations contracted in connection with the construction of the project, except taxes and such other liens and obligations as may be approved or prescribed by the Commissioner. Debentures issued by the investor which are payable out of net income from the project and

from the benefits of the insurance contract shall not be construed as "unpaid obligations" as such term is used in this subsection.

【PREMIUMS AND FEES

【SEC. 703. (a) For insurance granted pursuant to this title the Commissioner shall fix and collect a premium charge in an amount not exceeding one-half of 1 per centum of the outstanding investment for the operating year for which such premium charge is payable without taking into account the excess earnings, if any, applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment. Such premium charge shall be payable annually in advance by the investor, either in cash or in debentures issued by the Commissioner under this title at par plus accrued interest: *Provided*, That if in any operating year the gross income shall be less than the operating expenses, the premium charge payable during such operating year shall be waived, but only to the extent of the amount of the difference between such expenses and such income and subject to subsequent payment out of any excess earnings as herein-after provided.

【(b) With respect to any project offered for insurance under this title, the Commissioner is authorized to charge and collect reasonable fees for examination, and for inspection during the construction of the project: *Provided*, That such fees shall not aggregate more than one-half of 1 per centum of the estimated investment.

【RENTS

【SEC. 704. The Commissioner shall require that the rents for the dwellings in any project insured under this title shall be established in accordance with a rent schedule approved by the Commissioner, and that the investor shall not charge or collect rents for any dwellings in the project in excess of the appropriate rents therefor as shown in the latest rent schedule approved pursuant to this section. Prior to approving the initial or any subsequent rent schedule pursuant to this section, the Commissioner shall find that such schedule affords reasonable assurance that the rents to be established thereunder are (1) not lower than necessary, together with all other income to be derived from or in connection with the project, to produce reasonably stable revenues sufficient to provide for the payment of the operating expenses, the minimum annual amortization charge, and the minimum annual return; and (2) not higher than necessary to meet the need for dwellings for families of moderate income.

【EXCESS EARNINGS

【SEC. 705. For all of the purposes of any insurance contract made pursuant to this title, 50 per centum of the excess earnings, if any, for any operating year may be applied, in addition to the minimum annual return, to return on the outstanding investment but only to the extent that such application thereof does not result in an annual return of more than 5 per centum of the outstanding investment for such operating year, and the balance of any such excess earnings shall be applied, in addition to the minimum annual amortization charge, to amortization of the outstanding investment: *Provided*, That if in any preceding operating years the gross income shall have been less than the operating expenses, such excess earnings shall be applied to the extent necessary in whole or in part, first, to the reimbursement of the amount of the difference between such expenses (exclusive of any premium charges previously waived hereunder) and such income, and, second, to the payment of any premium charges previously waived hereunder.

【FINANCIAL STATEMENTS

【SEC. 706. With respect to each project insured under this title, the Commissioner shall provide that, after the close of each operating year, the investor shall submit to him for approval a financial and operating statement covering such operating year. If any such financial and operating statement shall not have been submitted or, for proper cause, shall not have been approved by the Commissioner, payment of any claim submitted by the investor may, at the option of the Commissioner, be withheld, in whole or in part, until such statement shall have been submitted and approved.

[PAYMENT OF CLAIMS]

[SEC. 707. If in any operating year the net income of a project insured under this title is less than the aggregate of the minimum annual amortization charge and the insured annual return, the Commissioner, upon submission by the investor of a claim for the payment of the amount of the difference between such net income and the aggregate of the minimum annual amortization charge and the insured annual return and after proof of the validity of such claim, shall pay to the investor, in cash from the Housing Investment Insurance Fund, the amount of such difference, as determined by the Commissioner, but not exceeding, in any event, an amount equal to the aggregate of the minimum annual amortization charge and the insured annual return.

[Nothing contained in this title or any other provision of law shall be construed as preventing or restricting an investor from assigning, pledging, or otherwise transferring or disposing of, subject to rules and regulations of the Commissioner, any or all rights, claims, or other benefits under any insurance contract made pursuant to this title to an assignee, pledgee, or other transferee, including the holders (or the trustee for such holders) of any debentures issued by the investor in connection with the project to which such insurance contract relates, and the Commissioner is authorized to pay claims or issue debentures in accordance with the provisions of this section and section 708 of this title to any such assignee, pledgee, or other transferee.

[DEBENTURES]

[SEC. 708. (a) If the aggregate of the amounts paid to the investor pursuant to section 707 hereof with respect to a project insured under this title shall at any time equal or exceed 15 per centum of the established investment, the Commissioner thereafter shall have the right, after written notice to the investor of his intentions so to do, to acquire, as of the first day of any operating year, such project in consideration of the issuance and delivery to the investor of debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year. In any such case the investor shall be obligated to convey to said Commissioner title to the project which meets the requirements of the rules and regulations of the Commissioner in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and, in the event that the investor fails so to do, said Commissioner may, at his option, terminate the insurance contract.

[(b) If in any operating year the aggregate of the differences between the operating expenses (exclusive of any premium charges previously waived hereunder) and the gross income for the preceding operating years, less the aggregate of any deficits in such operating expenses reimbursed from excess earnings as hereinbefore provided, shall at any time equal or exceed 5 per centum of the established investment, the investor shall thereafter have the right, after written notice to the Commissioner of his intention so to do, to convey to the Commissioner, as of the first day of any operating year, title to the project which meets the requirements of the rules and regulations of the Commissioner in force at the time the insurance contract was executed and which is evidenced in the manner prescribed by such rules and regulations, and to receive from the Commissioner debentures having a total face value equal to 90 per centum of the outstanding investment for such operating year.

[(c) Any difference, not exceeding \$50, between 90 per centum of the outstanding investment for the operating year in which a project is acquired by the Commissioner pursuant to this section and the total face value of the debentures to be issued and delivered to the investor pursuant to this section shall be adjusted by the payment of cash by the Commissioner to the investor from the Housing Investment Insurance Fund.

[(d) Upon the acquisition of a project by the Commissioner pursuant to this section, the insurance contract shall terminate.

[(e) Debentures issued under this title to any investor shall be executed in the name of the Housing Investment Insurance Fund as obligor, shall be signed by the Commissioner, by either his written or engraved signature, and shall be negotiable. Such debentures shall be dated as of the first day of the operating year in which the project for which such debentures were issued was acquired by the Commissioner, shall bear interest at a rate to be determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the

insurance contract was executed, but not to exceed 2¾ per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature on the 1st day of July in such calendar year or years, not later than the fortieth following the date of the issuance thereof, as shall be determined by the Commissioner and stated on the face of such debentures.

[(f) Such debentures shall be in such form and in such denominations in multiples of \$50, shall be subject to such terms and conditions, and may include such provisions for redemption as shall be prescribed by the Commissioner, with the approval of the Secretary of the Treasury, and may be issued in either coupon or registered form.

[(g) Such debentures shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any Territory, dependency, or possession of the United States, or by the District of Columbia, or by any State, county, municipality, or local taxing authority, shall be payable out of the Housing Investment Insurance Fund, which shall be primarily liable therefor, and shall be fully and unconditionally guaranteed, as to both the principal thereof and the interest thereon, by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Housing Investment Insurance Fund fails to pay upon demand, when due, the principal of or the interest on any debentures so guaranteed, the Secretary of the Treasury shall pay to the holders the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Secretary of the Treasury shall succeed to all the rights of the holders of such debentures.

[(h) Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real and other property by the United States, the Commissioner shall have power, for the protection of the Housing Investment Insurance Fund, to pay out of said Fund all expenses or charges in connection with, and to deal with, complete, reconstruct, rent, renovate, modernize, insure, make contracts for the management of, or establish suitable agencies for the management of, or sell for cash or credit or lease in his discretion, in whole or in part, any project acquired pursuant to this title; and, notwithstanding any other provisions of law, the Commissioner shall also have power to pursue to final collection by way of compromise or otherwise all claims acquired by, or assigned or transferred to, him in connection with the acquisition or disposal of any project pursuant to this title: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract for hazard insurance, or to any purchase or contract for services or supplies on account of any project acquired pursuant to this title if the amount of such purchase or contract does not exceed \$1,000.

TERMINATION

[SEC. 709. The investor, after written notice to the Commissioner of his intention so to do, may terminate, as of the close of any operating year, any insurance contract made pursuant to this title. The Commissioner shall prescribe the events and conditions under which said Commissioner shall have the option to terminate any insurance contract made pursuant to this title, and the events and conditions under which said Commissioner may reinstate any insurance contract terminated pursuant to this section or section 708 (a). If any insurance contract is terminated pursuant to this section, the Commissioner may require the investor to pay an adjusted premium charge in such amount as the Commissioner determines to be equitable, but not in excess of the aggregate amount of the premium charges which such investor otherwise would have been required to pay if such insurance contract had not been so terminated.

INSURANCE FUND

[SEC. 710. There is hereby created a Housing Investment Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this title and for administrative expenses in connection therewith. For this purpose, the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner shall deem necessary, but not to exceed \$10,000,000, which amount is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Premium charges, adjusted premium charges, inspection and other fees, service charges, and any other income received by the Commissioner under this title, together with all earnings on the assets of such Housing Investment Insurance Fund, shall

be credited to said Fund. All payments made pursuant to claims of investors with respect to projects insured under this title, cash adjustments, the principal of an interest on debentures issued under this title, expenses incurred in connection with or as a consequence of the acquisition and disposal of projects acquired under this title, and all administrative expenses in connection with this title, shall be paid from said Fund. The faith of the United States is solemnly pledged to the payment of all approved claims of investors with respect to projects insured under this title, and, in the event said Fund fails to make any such payment when due, the Secretary of the Treasury shall pay to the investor the amount thereof, which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated. Moneys in the Housing Investment Insurance Fund not needed for current operations under this title shall be deposited with the Treasurer of the United States to the credit of said Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this title. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

[TAXATION PROVISIONS]

[SEC. 711. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof, to the same extent, according to its value, as other real property is taxed.

[RULES AND REGULATIONS]

[SEC. 712. The Commissioners may make such rules and regulations as may be necessary or desirable to carry out the provisions of this title, including, without limiting the foregoing, rules and regulations relating to the maintenance by the investor of books, records, and accounts with respect to the project and the examination of such books, records, and accounts by representatives of the Commissioner; the submission of financial and operating statements and the approval thereof; the submission of claims for payments under insurance contracts, the proof of the validity of such claims, and the payment or disallowance thereof; the increase of the established investment if the investor shall make capital improvements or additions to the project; the decrease of the established investment if the investor shall sell part of the project; and the reduction of the outstanding investment for the appropriate operating year or operating years pending the restoration of dwelling or nondwelling facilities damaged by fire or other casualty. With respect to any investor which is subject to supervision or regulation by a State banking, insurance, or other State department or agency, the Commissioner may, in carrying out any of his supervisory and regulatory functions with respect to projects insured under this title, utilize, contract with, and act through, such department or agency and without regard to section 3709 of the Revised Statutes.

[DEFINITIONS]

[SEC. 713. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

[(a) "Investor" shall mean (1) any natural person; (2) any group of not more than ten natural persons; (3) any corporation, company, association, trust, or other legal entity; or (4) any combination of two or more corporations, companies, associations, trusts, or other legal entities, having all the powers necessary to comply with the requirements of this title, which the Commissioner (i) shall find to be qualified by business experience and facilities, to afford assurance of the necessary continuity of long-term investment, and to have available the necessary capital required for long-term investment in the project, and (ii) shall approve as eligible for insurance under this title.

[(b) "Project" shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by the investor in connection therewith) of an investor designed and used primarily for the purpose of providing dwellings the occupancy of which is permitted by the investor in consideration of agreed charges: *Provided*, That nothing in this

title shall be construed as prohibiting the inclusion in a project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as the Commissioner shall determine to be necessary or desirable appurtenances to such project.

[(c) "Estimated investment" shall mean the estimated cost of the development of the project, as stated in the application submitted to the Commissioner for insurance under this title.

[(d) "Established investment" shall mean the amount of the reasonable costs, as approved by the Commissioner, incurred by the investor in, and necessary for, carrying out all works and undertakings for the development of a project and shall include the premium charge for the first operating year and the cost of all necessary surveys, plans and specifications, architectural, engineering, or other special services, land acquisition, site preparation, construction, and equipment; a reasonable return on the funds of the investor paid out in the course of the development of the project, up to and including the initial occupancy date; necessary expenses in connection with the initial occupancy of the project; and the cost of such other items as the Commissioner shall determine to be necessary for the development of the project, (1) less the amount by which the rents and revenues derived from the project up to and including the initial occupancy date exceeded the reasonable and proper expenses, as approved by the Commissioner, incurred by the investor in, and necessary for, operating and maintaining said project up to and including the initial occupancy date, or (2) plus the amount by which such expenses exceeded such rents and revenues, as the case may be.

[(e) "Physical completion date" shall mean the last day of the calendar month in which the Commissioner determines that the construction of the project is substantially completed and substantially all of the dwellings therein are available for occupancy.

[(f) "Initial occupancy date" shall mean the last day of the calendar month in which 90 per centum in number of the dwellings in the project on the physical completion date shall have been occupied, but shall in no event be later than the last day of the sixth calendar month next following the physical completion date.

[(g) "Operating year" shall mean the period of twelve consecutive calendar months next following the initial occupancy date and each succeeding period of twelve consecutive calendar months, and the period of the first twelve consecutive calendar months next following the initial occupancy date shall be the first operating year.

[(h) "Gross income" for any operating year shall mean the total rents and revenues and other income derived from, or in connection with, the project during such operating year.

[(i) "Operating expenses" for any operating year shall mean the amounts, as approved by the Commissioner, necessary to meet the reasonable and proper costs of, and to provide for, operating and maintaining the project, and to establish and maintain reasonable and proper reserves for repairs, maintenance, and replacements, and other necessary reserves during such operating year, and shall include necessary expenses for real estate taxes, special assessment, premium charges made pursuant to this title, administrative expenses, the annual rental under any lease pursuant to which the real property comprising the site of the project is held by the investor, and insurance charges, together with such other expenses as the Commissioner shall determine to be necessary for the proper operation and maintenance of the project, but shall not include income taxes.

[(j) "Net income" for any operating year shall mean gross income remaining after the payment of the operating expenses.

[(k) "Minimum annual amortization charge" shall mean an amount equal to 2 per centum of the established investment, except that, in the case of a project where the real property comprising the site thereof is held by the investor under a lease, if (notwithstanding the proviso of section 703 (a) hereof) the gross income for any operating year shall be less than the amount required to pay the operating expenses (including the annual rental under such lease), the minimum annual amortization charge for such operating year shall mean an amount equal to 2 per centum of the established investment plus the amount of the annual rental under such lease to the extent that the same is not paid from the gross income.

[(l) "Annual return" for any operating year shall mean the net income remaining after the payment of the minimum annual amortization charge.

[(m) "Insured annual return" shall have the meaning ascribed to it in section 701 hereof.

[(n) "Minimum annual return" for any operating year shall mean an amount equal to 3½ per centum of the outstanding investment for such operating year or such lesser amount as shall be agreed upon by the investor and the Commissioner.

[(o) "Excess earnings" for any operating year shall mean the net income derived from a project in excess of the minimum annual amortization charge and the minimum annual return and income taxes.

[(p) "Outstanding investment" for any operating year shall mean the established investment, less an amount equal to (1) the aggregate of the minimum annual amortization charge for each preceding operating year, plus (2) the aggregate of the excess earnings, if any, during each preceding operating year applied, in addition to the minimum annual amortization charge, to amortization in accordance with the provisions of section 705 hereof.]

TITLE VIII—MILITARY HOUSING INSURANCE

* * * * *

SEC. 803. (a) In order to assist in relieving the acute shortage of housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of rental housing accommodations available to military and civilian personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$500,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed \$1,000,000,000: *And provided further*, That no mortgage shall be insured under this title after [July 1, 1945,] *June 30, 1955*, except (A) pursuant to a commitment to insure issued on or before such date, or (B) a mortgage given to refinance an existing mortgage insured under this title and which does not exceed the original principal amount and unexpired term of such existing mortgage.

THE HOUSING ACT OF 1949, AS AMENDED

[TITLE I—SLUM CLEARANCE AND COMMUNITY DEVELOPMENT AND REDEVELOPMENT]

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

URBAN RENEWAL FUND

Sec. 100. The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the "Urban Renewal Fund", and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.

[SEC. 101. In extending financial assistance under this title, the Administrator shall—

[(a) give consideration to the extent to which appropriate local public bodies have undertaken positive programs (1) for encouraging housing cost reductions through the adoption, improvement, and modernization of building and other local codes and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs, and (2) for preventing the spread or recurrence, in such community, of slums and blighted areas through the adoption, improvement, and modernization of local codes and regulations relating to land use and adequate standards of health, sanitation, and safety for dwelling accommodations; and

[(b) encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to con-

tribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.】

Sec. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under sections 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program is satisfactory and certifies to the constituent agencies affected that the Federal assistance may be made available in such community.

(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis, and reporting of information pertaining to such programs.

SEC. 102. (a) 【To assist local communities in eliminating their slums and blighted areas and in providing maximum opportunity for the redevelopment of project areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies for the undertaking of projects for the assembly, clearance, preparation, and sale and lease of land for redevelopment.】 To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects. Such loans (outstanding at any one time) shall be in such amounts not exceeding the estimated expenditures to be made by the local public agency as part of the gross project cost, bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding, in the case of definitive loans, forty years from the date of the bonds or other obligations evidencing such loans), as may be deemed advisable by the Administrator.

(b) In connection with any project on land which is open or predominantly open, the Administrator may make temporary loans to municipalities or other

public bodies for the provision of public buildings or facilities necessary to serve or support the new uses of *such* land in the project areas. Such temporary loans shall be in such amounts not exceeding the expenditures to be made for such purpose, **[bear interest as such rate]** *bear interest at such rate* (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding ten years from the date of the obligations evidencing such loans), as may be deemed advisable by the Administrator.

* * * * *

[(d) The Administrator may make advances of funds to local public agencies for surveys and plans in preparation of projects which may be assisted under this title, and the contracts for such advances of funds may be made upon the condition that such advances of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to such agency for the undertaking of the project or projects involved.]

(d) The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved.

* * * * *

SEC. 103. [(a) The Administrator may make capital grants to local public agencies to enable such agencies to make land in project areas available for redevelopment at its fair value for the uses specified in the redevelopment plans: Provided, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grants with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.] *(a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: Provided, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net projects costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.*

* * * * *

SEC. 104. Every contract for capital grant under this title shall require local grants-in-aid in connection with the project involved which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, will be at least equal to one-third of the aggregate net project costs involved (it being the purpose of this provision and section 103 to limit the aggregate of the capital grants made by the Administrator with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title to an amount not exceeding two-thirds of the difference between the aggregate of the gross project costs of all such projects and the aggregate of the total sales prices and capital values referred to in [section 110 (f) of the land] section 110 of the property in such projects).

SEC. 105. [Contracts for financial aid] Contracts for loans or capital grants shall be made only with a duly authorized local public agency and shall require that—

[(a) The redevelopment plan for the project area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the land in the project area to be redeveloped in accordance with the redevelopment plan; (ii) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the redevelopment of such areas by private enterprise; and (iii) the redevelopment plan conforms to a general plan for the development of the locality as a whole;]

[(b) When land acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees shall be obligated (i) to devote such land to the uses specified in the redevelopment plan for the project area; (ii) to begin the building of their improvements on such land within a reasonable time; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title;]

(a) *The urban renewal plan (including any redevelopment plan constituting a part thereof) for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;*

(b) *When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: Provided, That clauses (ii) and (iii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;*

(c) *There be a feasible method for the temporary relocation of families displaced from the [project] urban renewal area, and that there are or are being provided, in the urban renewal [project] area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the [project] urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and reasonably accessible to their places of employment [:]. [Provided, That in view of the existing acute housing shortage, each such contract entered into prior to July 1, 1951, shall further provide that there shall be no demolition of residential structures in connection with the project assisted under the contract prior to July 1, 1951, if the local governing body determines that the demolition thereof would reasonably be expected to create undue housing hardship in the locality.]*

* * * * *

Sec. 106. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator, notwithstanding the provisions of any other law shall—

* * * * *

(3) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required: *Provided, That such financial transactions of the Administrator as the making of advances of funds, loans, or capital grants and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government [; and] .*

[(4) make an annual report to the President, for transmission to the Congress, to be submitted as soon as practicable following the close of the year for which such report is made.]

* * * * *

(b) Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title (except for capital grants pursuant to section 103 hereof), and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions[.] : *Provided, That necessary expenses of inspection and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered non-administrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made.*

SEC. 107. If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the [redevelopment plan] *urban renewal plan* shall be made therefor by the public housing agency undertaking the housing project, and such amount shall be included as part of the development cost of the low-rent housing project.

* * * * *

[SEC. 109. In order to protect labor standards—

[(a) Any contract for financial aid pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat 1011), shall be paid to all laborers and mechanics employed in the development of the project involved; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract;

[(b) The provisions of title 18 U. S. C., section 874, and of title 40 U. S. C., section 276c, shall apply to any project financed in whole or in part with funds made available pursuant to this title;

[(c) Any contractor engaged on any project financed in whole or in part with funds made available pursuant to this title shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within five days after the close of each month and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective payrolls on the particular project, the aggregate amount of such payrolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.]

Sec. 109. In order to protect labor standards—

(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to

this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

[(a)] "Redevelopment area" means an area which is appropriate for development or redevelopment and within which a project area is located.

[(b)] "Redevelopment plan" means a plan, as it exists from time to time, for the development or redevelopment of a redevelopment or project area, which plan shall be sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) to indicate proposed land uses and building requirements in the project area: *Provided*, That the Administrator shall take such steps as he deems necessary to assure consistency between the redevelopment plan and any highways or other public improvements in the locality receiving financial assistance from the Federal Works Agency.

[(c)] "Project" may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area which is predominantly residential in character, or (ii) any other deteriorated or deteriorating area which is to be developed or redeveloped for predominantly residential uses, or (iii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise substantially impairs or arrests the sound growth of the community and which is to be developed for predominantly residential uses, or (iv) open land necessary for sound community growth which is to be developed for predominantly residential uses (in which event the project thereon, as provided in the proviso of section 103 (a) hereof, shall not be eligible for any capital grant); (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, and other site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the redevelopment plan. For the purposes of this title, the term "project" shall not include the construction of any of the buildings contemplated by the redevelopment plan, and the term "redevelopment" and derivatives thereof shall mean develop as well as redevelop. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

[(d)] "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project), and demolition or removal work, or site improvements in the project area, at their cost; and (3) the provision, at their cost, of parks, playgrounds, and public buildings or facilities (other than low-rent public housing) which are primarily of direct benefit to the project and which are necessary to serve or support the new uses of land in the project area in accordance with the redevelopment plan: *Provided*, That, in any case where, in the determination of the Administrator, any park, playground, public building, or facility is of direct and substantial benefit both to the project and to other areas, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for such project, there shall be included an allowance of an appropriate portion (as determined by the Administrator) of the cost of such park, playground, public building, or facility. No demolition or removal work, improvement, or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, for such work, or the construction of such improvement or facility, shall be eligible for inclusion as a local grant-in-aid in connection with a project or projects assisted under this title.

[(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

[(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land retained by it for use in accordance with the redevelopment plan.

[(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is made, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of one per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

[(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body which is authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

[(i) "Administrator" means the Housing and Home Finance Administrator.]

Sec. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Urban renewal area" means an urban area that (1) the governing body of the locality determines to be blighted, deteriorated, or deteriorating and designates as appropriate for an urban renewal project, and (2) the Administrator approves as appropriate for a project under this title.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this section, a redevelopment plan approved by the governing body of the locality.

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, in accordance with an urban renewal plan to achieve sound community objectives for the establishment and preservation of well-planned residential neighborhoods of decent homes and suitable living environment for adequate family life, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. For the purposes of this subsection, "slum clearance and redevelopment" may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of owner-

ship, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses (except that the determination required by clause (1) of paragraph (a) of this section that the area is blighted, deteriorated, or deteriorating shall not be applicable in the case of an open land project); (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection, "rehabilitation" or "conservation" may include restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of building or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

For the purposes of this title, the term "project" shall not include the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision in the urban renewal area, at their cost, of public buildings or other public facilities (other than publicly-owned housing) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: Provided, That in any case where, in the determination of the Administrator, any park, playground, public buildings, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such park, playground, public building, or other public facility as the Administrator determines to be appropriate: And provided further, That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement, or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Adminis-

trator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

(c) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is made, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, and the Territories and possessions of the United States.

(i) "Land" means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

(j) "Administrator" means the Housing and Home Finance Administrator.

THE UNITED STATES HOUSING ACT OF 1937, AS AMENDED

SEC. 7. * * *

(b) [In January of each year the Authority shall make an annual report to Congress of its operations and expenses, including loans, contributions, and grants made or contracted for, low-rent housing and slum-clearance projects undertaken, and the assets and liabilities of the Authority.] *The annual report of the Housing and Home Finance Administrator to the President for submission to the Congress on the operations of the Housing and Home Finance Agency shall include a report on the operations and expenses of the Authority, including loans, contributions, and grants made or contracted for, low-rent housing and slum-clearance projects undertaken, and the assets and liabilities of the Authority. Such report shall include operating statements of all projects under the jurisdiction of or receiving the assistance of the Authority, including summaries of the incomes of occupants, sizes of families, rentals, and other related information.*

SEC. 10. * * *

(g) Every contract made pursuant to this Act for annual contributions for any low-rent housing project shall require that the public housing agency, as among low-income families which are eligible applicants for occupancy in dwellings of given sizes and at specified rents, shall extend the following preferences in the selection of tenants:

[First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance or redevelopment project initiated

after January 1, 1947, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing; and as among such families] *First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: Provided, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: And provided further, That, as among families within any such preference group first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected, and third preference shall be given to families of other veterans and servicemen;*

Second, to families of other veterans and servicemen and as among such families first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected.

[(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract may authorize the public housing agency to make payments in lieu of such taxes in an annual amount not in excess of 10 per centum of the annual shelter rents charged in such project: *Provided, That, with respect to any such project to be located in any State where, by reason of constitutional limitations or otherwise, such project is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision, such contract may provide, in lieu of the requirement for tax exemption and the authorization of payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivision in which such project is situated shall contribute, in the form of cash, at least 20 per centum of the annual contributions paid by the Authority. In respect to low-rent housing projects initiated prior to March 1, 1949, the Authority may, after the effective date of the Housing Act of 1949, authorize payments in lieu of taxes for each of the project fiscal years in respect to which annual contribution dates occurred during the two-year period ending June 30, 1949, in amounts which, together with amounts already paid, will not exceed the greater of either (i) 5 per centum of the shelter rents charged in such projects for each of such project fiscal years, or (ii) the amounts specified in the cooperation agreements in effect July 1, 1947, between the public housing agencies and the political subdivisions in which the projects are located, or in the ordinances or resolutions of such political subdivisions in effect on such date. In respect to such low-rent housing projects initiated prior to March 1, 1949, the contracts for annual contributions may be amended as to project fiscal years in respect to which annual contribution dates occur on or after July 1, 1949, so as to require exemption from real and personal property taxes in lieu of any other requirements as to local contributions and to permit payments in lieu of taxes on the terms prescribed in the first sentence of this subsection; in the event that the contracts for annual contributions are not so amended, payments in lieu of taxes in respect to such project fiscal years shall be limited to the amount specified in the cooperation agreements or ordinances or resolutions in effect July 1, 1947.]*

(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such

lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: Provided, That, if at the time such agreement for local cooperation is entered into it appears that such 10 per centum payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivisions in which the project is situated of at least 20 per centum of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 per centum: Provided further, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceeds 10 per centum, of the annual shelter rents charged in such project or (ii) 20 per centum of the annual contributions paid by the Authority (but not in excess of the taxes levied): And provided further, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contributions, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subdivision.

(i) Every contract made pursuant to this Act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection, (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in clause 1 (a) of this subsection: Provided, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project.

* * * * *

SEC. 15. * * *

(8) * * *

(b) a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (i) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority for admission of families of low income to such housing; and

(ii) lived in an unsafe, insanitary, or overcrowded dwelling, **[**or was to be displaced by another low-rent housing project or by a public slum-clearance or redevelopment project**]** *or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units, or actually was without housing, or was about to be without housing as a result of a court order of eviction, due to causes other than the fault of the tenant: Provided, That the requirement in (ii) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than five years after March 1, 1949;*

* * * * *

SEC. 16. * * *

[(2) Any contract for loans, annual contributions, capital grants, sale, or lease pursuant to this Act shall contain a provision requiring that not less than the salaries or wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Authority, shall be paid to all architects, technical engineers, draftsmen, and technicians, employed in the development and to all maintenance laborers and mechanics employed in the administration of the low-rent housing or slum-clearance project involved; and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the project involved; and the Authority shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract.**]**

(2) Any contract for loans, annual contributions, capital grants, sale, or lease pursuant to this Act shall contain a provision requiring that not less than the wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Authority, shall be paid to all maintenance laborers and mechanics employed in the administration of the low-rent housing or slum-clearance project involved; and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the project involved; and the Authority shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract.

* * * * *

[(6) Any contractor engaged on any project financed in whole or in part with funds made available pursuant to this Act shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner (within five days after the close of each calendar month, on forms to be furnished by the United States Department of Labor), as to the number of persons on their respective payrolls on the particular project, the aggregate amount of such payrolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.**]**

THE FEDERAL HOME LOAN BANK ACT, AS AMENDED

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SEC. 10. * * *

(b) No home mortgage shall be accepted as collateral security for an advance by a Federal Home Loan Bank if, at the time such advance is made (1) the home mortgage loan secured by it has more than twenty-five years to run to maturity, unless such home mortgage is insured under the National Housing Act, as amended, or insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended, or (2) the home mortgage exceeds **[\$20,000]** \$35,000, or (3) is past due more than six months when presented, unless the amount of the debt secured by such home mortgage is less than 50 per centum of the value of the real estate with respect to which the home mortgage was given, as such real estate was appraised when the home mortgage was made. For the purposes of this subsection and subsection (a) the value of real estate shall be as of the time the advance is made and shall be established by such certification by the borrowing institution, or such other evidence, as the board may require. For

the purposes of this section, each Federal Home Loan Bank shall have power to make, or to cause or require to be made, such appraisals and other investigations as it may deem necessary. No home mortgage otherwise eligible to be accepted as collateral security for an advance by a Federal Home Loan Bank shall be accepted if any director, officer, employee, attorney, or agent of the Federal Home Loan Bank or of the borrowing institution is personally liable thereon, unless the board has specifically approved by formal resolution such acceptance.

* * * *

SEC. 11. * * *

(h) Such part of the assets of each Federal Home Loan Bank (except reserves and amounts provided for in subsection (g)) as are not required for advances to members or nonmember borrowers, may be invested, to such extent as the bank may deem desirable and subject to such regulations, restrictions, and limitations as may be prescribed by the board, in obligations of the United States, in obligations of the Federal National Mortgage Association, and in such securities as fiduciary and trust funds may be invested in under the laws of the State in which the Federal Home Loan Bank is located.

* * * *

SEC. 16. Each Federal Home Loan Bank shall carry to a reserve account semiannually 20 per centum of its net earnings until said reserve account shall show a credit balance equal to 100 per centum of the paid-in capital of such bank. After said reserve has reached 100 per centum of the paid-in capital of said bank, 5 per centum of its net earnings shall be added thereto semiannually. Whenever said reserve shall have been impaired below 100 per centum of the paid-in capital it shall be restored before any dividends are paid. Each Federal Home Loan Bank shall establish such additional reserves and/or make such charge-offs on account of depreciation or impairment of its assets as the board shall require from time to time. No dividends shall be paid except out of net earnings remaining after all reserves and charge-offs required under this Act have been provided for, and then only with the approval of the board. The reserves of each Federal Home Loan Bank shall be invested, subject to such regulations, restrictions, and limitations as may be prescribed by the board, in direct obligations of the United States, in obligations of the Federal National Mortgage Association, and in such securities as fiduciary and trust funds may be invested in under the laws of the State in which the Federal Home Loan Bank is located.

* * * *

SEC. 20. The board shall from time to time, at least annually, require examinations and reports of condition of all Federal Home Loan Banks in such form as the board shall prescribe and shall furnish periodically statements based upon the reports of the banks to the board. [The board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.] For the purposes of this Act, examiners appointed by the board shall be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act and the Federal Reserve Act, and shall have, in the exercise of functions under this Act, the same powers and privileges as are vested in such examiners by law.

THE HOME OWNERS' LOAN ACT OF 1933, AS AMENDED

* * * *

SEC. 5. * * *

(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within fifty miles of their home office: *Provided*, That not more than ~~[\$20,000]~~ \$35,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 15 per centum of the assets of such association may be loaned on other improved real estate without regard to said ~~[\$20,000]~~ \$35,000 limitation, and without regard to said fifty-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal Home Loan Bank *or in the obligations of the Federal National Mortgage Association: And provided further*,

That any such association which is converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter. Notwithstanding any other provisions of this subsection except the area restriction such associations may invest their funds in loans insured under title I of the National Housing Act, as amended, loans guaranteed or insured as provided in the Servicemen's Readjustment Act of 1944, as amended (except business loans provided by section 503 thereof and not secured by a lien on real estate), or in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of \$1,500 except in conformity to the other provisions of this subsection, and that the total amount of loans so made without regard to the other provisions of this subsection shall not, at any time, exceed 15 per centum of the association's assets.

[(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of any such association, and to require an equitable readjustment of the capital structure of the same; and to release any such association from such control and permit its further operation.]

(d) (1) *The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or rules and regulations made hereunder, or any other law or regulation, and in the administration of conservatorships and receiverships as provided in subsection (d) (2) hereof, the Board is authorized to act in its own name and through its own attorneys. The Board shall have power to sue and be sued, complain and defend in any court of competent jurisdiction in the United States or its territories or possessions. It shall by formal resolution state any alleged violation of law or regulation and give written notice to the association concerned of the facts alleged to be such violation, except that the appointment of a Supervisory Representative in Charge, a conservator or a receiver shall be exclusively as provided in subsection (d) (2) hereof. Such association shall have thirty days within which to correct the alleged violation of law or regulation and to perform any legal duty. If the association concerned does not comply with the law or regulation within such period, then the Board shall give such association twenty days written notice of the charges against it and of a time and place at which the Board will conduct a hearing as to such alleged violation of duty. Such hearing shall be in the Federal judicial district of the association unless it consents to another place and shall be conducted by a hearing examiner as is provided by the Administrative Procedure Act. The Board or any member thereof or its designated representative shall have power to administer oaths and affirmations and shall have power to issue subpoenas and subpoenas duces tecum, and shall issue such at the request of any interested party, and the Board or any interested party may apply to the United States district court of the district where such hearing is designated for the enforcement of such subpoena or subpoena duces tecum and such courts shall have power to order and require compliance therewith. A record shall be made of such hearing and any interested party shall be entitled to a copy of such record to be furnished by the Board at its reasonable cost. After such hearing and an adjudication by the Board, appeals shall lie as is provided by the Administrative Procedure Act, and the review by the court shall be upon the weight of the evidence. Upon the giving of notice of alleged violation of law or regulation as herein provided, either the Board or the association affected may, within thirty days after the service of said notice, apply to the United States district court for the district where the association is located for a declaratory judgment and an injunction or other relief with respect to such controversy, and said court shall have jurisdiction to adjudicate the same as in other cases and to enforce its orders. The Board may apply to the United States district court of the district where the association affected has its home office for the enforcement of any order of the Board and such court shall have power to enforce any such order which has become final. The Board shall be subject to suit by any Federal savings and loan association with respect to any matter under this section or regulations made thereunder, or any other law or regulation, in the United States district court for the district where the home office of such association is located, and may be served by serving a copy of process on any of its agents and mailing a copy of such process by registered mail, to the Home Loan Bank Board, Washington, District of Columbia.*

(2) *The grounds for the appointment of a conservator or receiver for a Federal*

savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint ex-parte and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner removed by the Board, such Supervisory Representative in Charge shall hold office until a conservator or receiver, appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for six months, or until thirty days after the termination of the administrative hearing and final proceedings herein provided, or until sixty days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such appointment of a conservator or receiver shall be made except pursuant to a formal resolution of the Board stating the grounds therefor and except notice thereof is given to said association stating the grounds therefor and until an opportunity for an administrative hearing thereon is afforded to said association. Such hearing shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. A conservator shall have all the powers of the members, the directors, and officers of the Federal association and shall be authorized to operate it in its own name or conserve its assets in the manner and to the extent authorized by the Board. The Board shall appoint only the Federal Savings and Loan Insurance Corporation as receiver for any Federal savings and loan association, which shall have power as receiver to buy at its own sale subject to approval by the Board. With the consent of the association expressed by a resolution of the board of directors or of its members, the Board is authorized to appoint a conservator or receiver for a Federal association without notice and without hearing. The Board shall have power to make rules and regulations for the reorganization, merger, and liquidation of Federal associations and for such associations in conservatorship and receivership and for the conduct of conservatorships and receiverships. Whenever a Supervisory Representative in Charge, conservator, or receiver, appointed by the Board pursuant to the provisions of this section, demands possession of the property, business and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year or both by such fine and imprisonment.

THE SERVICEMEN'S READJUSTMENT ACT OF 1944, AS AMENDED

TITLE III—LOANS FOR THE PURCHASE OR CONSTRUCTION OF HOMES, FARMS, AND BUSINESS PROPERTY

* * * * *

Sec. 515. With respect to mortgage loans for the purchase or construction of residential property (not including farm homes) guaranteed, insured, or made pursuant to this title, the Administrator shall make such rules and regulations concerning (1) maximum rates of interest for such residential mortgage loans, (2) maximum ratios of loan to value and maximum maturities with respect to such residential mortgage loans, and (3) maximum fees and charges permitted to cover the costs of the origination of, and of the supervision of construction loan disbursements in connection with, such residential mortgage loans as may be necessary to carry out limitations relating thereto established by the President pursuant to the authority vested in him by section 201 of the Housing Act of 1954.

**THE DEFENSE HOUSING AND COMMUNITY FACILITIES AND SERVICES
ACT OF 1951, AS AMENDED**

* * * * *

SEC. 104. After June 30, 1953, no construction of permanent housing may be begun under title III of this Act. After June 30, 1954, (a) no mortgage may be insured under title IX of the National Housing Act, as amended [(except (i), pursuant to a commitment to insure issued on or before such date, or (ii) a mortgage given to refinance an existing mortgage insured under that title and which does not exceed the original principal amount and unexpired term of such existing mortgage)], *except pursuant to a commitment to insure issued on or before such date*, (b) no agreement may be made to extend assistance for the provision of community facilities or services under title III of this Act, and no construction of temporary housing or community facilities by the United States may be begun under such title, and (c) no loan may be made or obligations purchased by the Housing and Home Finance Administrator under section 102a of the Housing Act of 1948, as amended (except pursuant to a commitment issued on or before June 30, 1953, or to refinance an existing loan or existing obligations held under such section by said Administrator on June 30, 1953).

**AN ACT TO EXPEDITE THE PROVISION OF HOUSING IN CONNECTION
WITH NATIONAL DEFENSE, AND FOR OTHER PURPOSES, APPROVED
OCTOBER 14, 1940, AS AMENDED**

* * * * *

[SEC. 311. At the beginning of each session of Congress, the Administrator shall make to Congress a full and detailed report covering all of the transactions authorized hereunder.]

* * * * *

SEC. 607. * * *

(g) *The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said Act, or (4) it is to be sold with a requirement that it be removed from its present location.*

**THE FIRST APPROPRIATION ACT, 1954 (PUBLIC LAW 176, EIGHTY-
THIRD CONGRESS)**

* * * * *

HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE ADMINISTRATOR

* * * * *

Defense Community Facilities and Services: During the current fiscal year not to exceed \$112,500 of the appropriations granted under this head in the Second and Third Supplemental Appropriation Acts, 1952, shall be available for administrative expenses in connection with the construction of facilities under such appropriations.

Capital grants for slum clearance and urban redevelopment: For an additional amount for payment of capital grants as authorized by title I of the Housing Act of 1949, as amended (42 U. S. C. 1453, 1456), \$20,000,000, to remain available until expended [: *Provided*, That before approving any local slum clearance program under title I of the Housing Act of 1949, the Administrator shall give consideration to the efforts of the locality to enforce local codes and regulations relating to adequate standards of health, sanitation, and safety for dwellings and to the feasibility of achieving slum clearance objectives through rehabilitation of existing dwellings and areas: *Provided further*, That the authority under title I of the National Housing Act shall be used to the utmost in connection with slum rehabilitation needs].

THE HOUSING ACT OF 1950, AS AMENDED

* * * * *

【SEC. 504. With respect to housing built or sold with assistance provided under the National Housing Act, as amended, or title III of the Servicemen's Readjustment Act of 1944, as amended, the Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby specifically authorized and directed to issue such regulations, applicable uniformly to all classes of mortgagees, as they determine desirable for the purpose of limiting the charges and fees, which shall not be construed to include any loss suffered by any originating lender in the bona fide sale or pledge of an agreement to sell the mortgage, imposed upon the builder or other seller, or the veteran or other purchaser in connection with the financing of the construction or sale of such housing, whether or not such charges were or are imposed in connection with the financing assisted by the Federal Government, and no loan shall be insured or guaranteed under such Acts unless the mortgagee certifies that it has not imposed upon the builder or other seller, or the veteran or other purchaser any charges or fees in connection with the financing of the construction or sale of such housing in excess of the charges or fees permitted under such regulations for such purposes as are applicable to the housing involved.】

THE NATIONAL BANKING ACT, AS AMENDED

R. S. § 5136. * * * a national banking association * * * shall have power—

* * * * *

Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking * * *. The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock: *Provided*, That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund * * *. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association for its own account of any shares of stock of any corporation. The limitations and restrictions herein contained as to dealing in, underwriting and purchasing for its own account, investment securities shall not apply to obligations of the United States, or general obligations of any State or any political subdivision thereof, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the Federal Home Loan Banks or the Home Owners' Loan Corporation, or obligations which are insured by the Federal Housing Administrator pursuant to section 207 of the National Housing Act if the debentures to be issued in payment of such insured obligations are guaranteed as to principal and interest by the United States, [or obligations of national mortgage associations] or obligations of the *Federal National Mortgage Association* or such obligations of any local public agency (as defined in section 110 (h) of the Housing Act of 1949) as are secured by an agreement between the local public agency and the Housing and Home Finance Administrator in which the local public agency agrees to borrow from said Administrator, and said Administrator agrees to lend to said local public agency, prior to the maturity of such obligations (which obligations shall have a maturity of not more than eighteen months), moneys in an amount which (together with any other moneys irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which moneys under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity, or such obligations of a public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured either (1) by an agreement between the public housing agency and the Public Housing Administration in which the public housing agency agrees to borrow from the Public Housing Administration, and the Public Housing Administration agrees to lend to the public housing agency, prior to the maturity of such obligations (which obliga-

tions shall have a maturity of not more than eighteen months), moneys in an amount which (together with any other moneys irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which moneys under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity, or (2) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22 (b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations * * *.

**AN ACT TO PROVIDE FOR THE ADVANCE PLANNING OF NON-FEDERAL
PUBLIC WORKS, APPROVED OCTOBER 13, 1949, AS AMENDED**

* * * * *

[SEC. 6. The Administrator of General Services shall submit quarterly to the Congress a report of his administration of the Act, including all expenditures and repayments made thereunder. Such reports shall, when submitted, be printed as public documents.]

THE ALASKA HOUSING ACT, AS AMENDED

* * * * *

[SEC. 2. * * * * *

[(b) The powers of the Federal National Mortgage Association, and of any other Federal corporation or other Federal agency heretofore or hereafter established, to make real-estate loans, or to purchase, service, or sell any mortgages, or partial interest therein, may be utilized in connection with properties or projects in Alaska designed principally for residential use: and, notwithstanding any of the provisions of section 301 of the National Housing Act, as heretofore or hereafter amended, or of any other law unless enacted expressly in limitation hereof, any mortgage loans, or partial interests therein, may be offered to the Federal National Mortgage Association for purchase, and the Association shall be authorized to make real-estate loans, including advances thereon during construction, if such loans or advances are secured by property located in Alaska and insured under any of the provisions of the National Housing Act, as amended.

[Notwithstanding the provisions of subparagraph (C) of section 301 (a) (1) of the National Housing Act, as amended, any mortgage loans may be offered to the Federal National Mortgage Association for purchase if such loans are secured by property located in Guam or Hawaii, and insured under any of the provisions of the National Housing Act, as amended.]

**AN ACT TO PERMIT THE FEDERAL NATIONAL MORTGAGE ASSOCIATION TO MAKE COMMITMENTS TO PURCHASE CERTAIN MORTGAGES,
APPROVED OCTOBER 30, 1951, AS AMENDED (PUBLIC LAW 243, 82D
CONGRESS)**

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of subparagraph (G) of section 301 (a) (1) of the National Housing Act, as amended, the Federal National Mortgage Association is authorized to enter into advance commitment contracts which do not exceed \$30,000,000 outstanding at any one time, if such commitments relate to mortgages with respect to which the Federal Housing Commissioner has issued, prior to September 1, 1953, pursuant to section 213 of the National Housing Act, as amended, either a commitment to insure or a statement of eligibility: *And provided further,* That not to exceed \$3,500,000 of said authorization shall be available for such commitments in any one State: *And provided further,* That subparagraph (C) of section 301 (a) (1) of the National Housing Act, as amended, shall have no application with respect to any mortgage which otherwise qualified hereunder if such mortgage is the subject of a commitment to be made by the Association and covers housing in which the number of rooms equals or exceeds six for each family unit and in which the number of bedrooms equals or exceeds three for each family unit.]

INDIVIDUAL MINORITY VIEWS OF REPRESENTATIVE WRIGHT PATMAN ON H. R. 7839

This housing bill as reported has more harm in it than good. It would be better to have no bill at all than to pass this bill with all of its bad features.

The interest rate increase of 1 percent on home mortgage loans is indefensible. On a 25-year home mortgage for \$9,600, an increase of one-half of 1 percent in interest means \$814 the borrower must pay, or 15 percent more. This illustration is for an increase of one-half of 1 percent, whereas the bill provides for an increase of twice that much.

The financing plan of this housing bill was referred to as a fraud and a hoax by an important housing official, who stated it is "completely and absolutely unworkable."

We have 12 million substandard dwelling units in the United States. One-third of our Nation is ill-housed. We need to build 2 million new homes each year for the next 10 years to provide decent housing in America. The administration has programed less than 1 million new starts for this year. The home builders want to build 1,400,000 homes and recondition 500,000 more this year. The mortgage bankers and landlords—who profit from housing shortages—naturally want the smallest number started this year.

CONGRESS DELEGATED MORE POWERS THAN RETAINED

Twelve powerful men who have more control over the economic affairs of our country than the United States Congress or the Executive were not brought before the committee or consulted on this important bill.

Their actions will determine whether this bill or any other bill involving credit or money will work.

Congress in delegating such enormous powers to a small group has delegated more powers than are necessary for an expanding, dynamic, progressive economy than it has retained for itself.

The cost and availability of credit and money are determined in our national economy by the Federal Open-Market Committee.

This Committee, operating under powers granted by Congress, makes it possible for money to be easy or hard; to make interest rates high or low; or to create a climate that causes our Nation to progress or suffer a depression.

The 12 men composing the Federal Open-Market Committee consist of the 7 members of the Board of Governors of the Federal Reserve System and 5 representatives of the Federal Reserve banks, each of whom is selected by a board of 9 directors of the Federal Reserve bank he represents. The 9 directors consist of 6 members named by the private commercial banks and 3 named by the Board of Governors. A more correct statement is the Federal Open-Market Committee con-

sists of the 7 members of the Board of Governors and 5 presidents of Federal Reserve banks who are obligated to the private bankers for their selection.

A comparable situation would be created if the railroad owners helped to fix freight rates by having their representatives members of the Interstate Commerce Commission.

The Federal Open-Market Committee can hold interest rates short or long term at any rate it desires.

Mr. Marriner S. Eccles was Chairman of the Federal Reserve Board longer than any other person. He was doubtless more familiar with every detail of the operations of the Federal Reserve System than any other person.

Mr. Eccles, in answer to questions—when he was before congressional committees—often stated that the Federal Open-Market Committee had the power to determine the availability of credit, interest rates, prices of Government bonds, and other important matters.

When Mr. Eccles was testifying before the House Committee on Banking and Currency, in March 1947—and while Senator Mike Monroney was then a Member of the House and a member of the Banking and Currency Committee of the House—a question was asked by Mr. Monroney and an answer given by Mr. Eccles, as follows:

MR. MONRONEY. Do you mean to say that with your present Open-Market Committee, and the operation of the Federal Reserve, as it now stands, that, regardless of what the national income is, or other economic factors, you can guarantee to us that our interest rate will remain around 2.06 percent?

MR. ECCLES. We certainly can. We can guarantee that the interest rate, so far as the public debt is concerned, is where the Open-Market Committee of the Federal Reserve desires to put it.

It is recognized that the Government rates determine the commercial rates in the market.

If Congress will instruct the Open-Market Committee to hold the long-term rate at a certain point—or not allow it to go above a certain point—we will have a stable long-term mortgage rate that can be relied upon. It should not be above 2½ percent.

These hearings on H. R. 7839 on housing are incomplete because the Federal Open-Market Committee has not been heard from. Not one member of this important Committee has been called as a witness.

Under our United States Constitution the 160 million people of the United States have entrusted to 435 Representatives in the House of Representatives, and 96 Members of the United States Senate, or 531 in all—the Congress—with all powers over money and credit.

These 531 have delegated these powers over money and credit to the 12 members of the Open-Market Committee. Who are these 12? Are they responsible to and serve the people? Do they serve the private commercial banks? How are they selected?

WHO ARE THE TWELVE?

I doubt that any 12 Members of the United States Congress can name all 12 of the members of the Federal Open-Market Committee. This is no criticism of Congress; it is just a statement of a shocking fact. Members of Congress are busy people. They are forced to deal only with pressing problems. This has not become a pressing problem but it is becoming more pressing and urgent every day. Another depression caused by this group will make it the most urgent and

pressing problem. Then a change will be made. We should not be compelled to suffer our country to go through another wringer—a horrible, crushing depression—in order to bring this important, neglected problem to the attention of Congress.

The policies and practices of the Open-Market Committee have been very beneficial to the private banks and money lenders since early 1951. Their policies were highly detrimental to the people in 1953. I believe their policies over a long period of time have favored the banks and were often injurious to the general welfare of the people.

It is impossible for our Committee on Banking and Currency to adequately consider this bill without dealing with the policies and practices of the Open-Market Committee.

SITUATION ON BOARD NOT IN PUBLIC INTEREST

The 7 members of the Board of Governors are selected 1 every 2 years—for a 14-year term. There is 1 unfilled vacancy on the Board now, leaving 6 members. The term of 1 of these 6 expired January 31, 1954, but he continues to serve until the place is filled. One of the 5 remaining has the power and privilege under a special law passed 2 or 3 years ago for his special benefit to quit the Board of any time and immediately accept a position with private banking interests, notwithstanding the general law that would require him to wait 2 years before accepting such employment. Congress was asked to pass this law with the understanding that this member would accept a definite position that Congress was advised had been offered to him. He did not accept any position but has continued to stay on the Board of Governors.

These Board members, although selected by the President, feel under no obligation to the Executive. All the present members were selected by Presidents Roosevelt and Truman. However, the President can appoint the Chairman when he desires to do so. Evidently he is satisfied with the present Chairman, Mr. Martin. The President has plenty of power to change the situation if Mr. Martin, the present Chairman, should decide to go against the Burgess' hard-money, high-interest policy. Mr. Martin could be replaced immediately by the President, appointing another of the present Board members, Chairman or the President could fill one of the vacancies on the Board of Governors and appoint the person so appointed Chairman of the Board. The present Chairman is serving during good behavior. The one in charge of the administration's hard-money, high-interest policy, Dr. Randolph Burgess, the unconfirmed Deputy Secretary of the Treasury, determines good behavior in Mr. Martin's case.

WHO HOLDS BALANCE OF POWER?

So the Open-Market Committee at present is composed of 6 Board members—1 whose term has expired and 1 who has a job-hunting license for a position with the private banking interest that is affected by the decisions he makes, and 5 members selected by private banks. The job-hunting license holder of the Board holds the balance of power.

Even though the members of the Board of Governors recognize their duty to serve the public interest—I do not charge willful mis-

conduct or corruption—just take a look at who surrounds them, looking over their shoulders, or sitting across the table, with the right to interrupt and advise them and some actually voting on the pending question while they are performing their duties to the public.

First, 12 presidents of the 12 Federal Reserve banks selected by private banks.

Second, 12 members of the Advisory Committee selected by private banks in the 12 Federal Reserve districts.

In that situation the 6 Board members are surrounded by 24 of the finest, most influential, and most logical persuaders in the United States who represent the private banks and who are obligated to the private banks for their selections.

If a mistake is made it is not likely that it will be made on the side of the public interest with this topheavy banker setup.

During the first half of 1953 the Burgess hard-money, high-interest policy forced long-term Government bonds down to 89. They—the money masters—became afraid and took an about-face but public confidence had been shaken—the damage had been done. These bonds are now back at par. They should be kept there. If they are protected interest rates will be reasonable and there will be plenty of money for housing.

This bill, H. R. 7839, provides for an increase of 1 percent in interest rates for housing. It provides the rate may be fixed at $2\frac{1}{2}$ percent above the rate on long-term Government bonds. The traditional spread is $1\frac{1}{2}$ percent. This bill arbitrarily raises it to $2\frac{1}{2}$ percent.

This 1 percent increase, if allowed or forced on mortgage loans, will become a pattern, and doubtless cause the rate to spread clear across the debt board.

Let us see what that will do.

INCREASE ANNUAL PER CAPITA BURDEN, 200 PER FAMILY

All debts in our country, including the National debt, debts of States, counties, cities, political subdivisions, and private debts, including installment debts, aggregate about \$640 billion. A 1 percent increase in interest rates will mean an added interest burden of \$6.4 billion annually. The \$6.4 billion divided among the 160 million people means an annual interest increase of \$40 per capita or \$200 for a family of five.

This family of five will have to buy \$200 less food or \$200 less in necessities of life in order to pay the \$200 increase in interest rates.

The \$200 extra for interest will probably go into the hands of those who do not need it and will not use it to buy goods and services. It will be taken from a family who would spend it and help the whole country.

A diversion of purchasing power results and the country is harmed.

TESTIMONY ABOUT 1 PERCENT INTEREST INCREASE

The printed hearings on the Housing Act of 1954, H. R. 7839, contain the testimony of T. B. King, Acting Assistant Deputy Administrator (Loan Guaranty), Department of Veterans' Benefits of the Veterans' Administration, March 5, 1954, commencing at page 215.

I am inserting herewith questions I asked Mr. King, commencing at page 224 of the hearings and his replies thereto.

Mr. PATMAN. Now, section 201 subparagraph (1), would give the President authority to set maximum interest rates on VA and FHA mortgages. That is the point you brought out.

Mr. KING. Yes, sir.

Mr. PATMAN. Heretofore Congress has always done that, has it not?

Mr. KING. There was prescribed by the Congress several years back authority which permitted the Administrator of Veterans' Affairs, with the concurrence of the Secretary of the Treasury—

Mr. PATMAN. But it was for a definite amount, was it not?

Mr. KING. Well, it featured a margin.

Mr. PATMAN. That is right.

Mr. KING. It featured a margin, but the margin was more restrictive than the one proposed here.

Mr. PATMAN. This permits a 2½ percent increase in addition to the long-term rate?

Mr. KING. Yes, sir; it contemplates that the market may need as high as a 2½ percent spread.

Mr. PATMAN. Isn't it a fact that in the past, 1½ percent was the normal spread?

Mr. KING. That is a point on which the Veterans' Administration insisted, until everybody got a little bit tired of hearing us insist on it, Congressman.

Mr. PATMAN. I beg your pardon?

Mr. KING. We maintained that point at considerable length, over the years.

Mr. PATMAN. One-and-a-half percent?

Mr. KING. Yes, sir. We were adverting primarily to the situation, the market situation, which was in vogue, or which was experienced, prior to the March 1951 accord between the Treasury and the Federal Reserve Board.

Mr. PATMAN. So this is about a 75 percent increase?

Mr. KING. No, sir; the point is that that 1½ percent has not been reflected by experience since March 1951.

Mr. PATMAN. Do you mean it should be more?

Mr. KING. I say the market has demanded more.

Mr. PATMAN. It should be more?

Mr. KING. I say that under conditions which have been facing the lending industry, and due to the supply-and-demand factors which have obtained since March 1951, one would be hard put to insist that that 1½ percent pattern always would be adequate and should be maintained.

Mr. PATMAN. The point I was attempting to make, though, was that regardless of the merits or demerits, an increase from 1½ to 2½ percent is about a 75 percent increase; is it not?

Mr. KING. Yes, sir.

Mr. PATMAN. Roughly?

Mr. KING. Yes, sir.

Mr. PATMAN. Now, in the case of public housing bonds, that is a similar situation, I assume. The Treasury established a rate of 27⁄8 percent as the average yield on long-term Governments.

Mr. KING. That is right.

Mr. PATMAN. That rate we are discussing is 2½ percent above the long-term yield, isn't it?

Mr. KING. Yes, sir.

Mr. PATMAN. On this basis, the Veterans' Administration mortgages could go to about 5½ percent, and FHA mortgages could go to 6½ percent. FHA can charge between one-half and one percent premium, for instance. Conventional mortgages under that condition would be about 7 percent, wouldn't they?

Mr. KING. I think they probably wouldn't be making as many conventional mortgages, Congressman.

Mr. PATMAN. If they did they would be at 7 percent; would they not?

Mr. KING. Yes; usury laws in many States would hold it down to that.

Mr. PATMAN. This looks like a sort of a heads-I-win-and-tails-you-lose deal, since when the interest rates on Government bonds are rising, this provision can be used to force up interest rates on mortgages. But if the yield on Governments drops, mortgage rates would not necessarily reflect that drop, because section 201 (1) does not govern the action of the FHA Commissioner. Under the authority we are giving him in title I of this bill, he could keep the rate on FHA mortgages at 6 percent, plus 1 percent for insurance, no matter how far

the yield on Governments dropped. With such a rate on FHA mortgages, of course, no VA loans would be made. Do you agree with that?

Mr. KING. Yes, sir.

I would point out, Congressman, however, that as we sit here today I believe these 15-year Governments yield $2\frac{1}{2}$.

Mr. PATMAN. At this particular time?

Mr. KING. Yes, sir.

Mr. King makes the point that the market has demanded more interest since March 1951. This was caused by the Open-Market Committee permitting Government bonds to go down in price until they earned much more than $2\frac{1}{2}$ percent, the long-term rate. In other words, the action of the Open-Market Committee permitted $2\frac{1}{2}$ percent bonds to go down in value—as low as 89—which resulted in a corresponding rise in interest rates on these bonds which made the spread or margin much less than $1\frac{1}{2}$ percent.

This situation has been changed as long-term $2\frac{1}{2}$ percent bonds are now back at par where they were before the so-called accord between the Federal Reserve and Treasury. Therefore, there is no reason to provide for a higher interest rate in this bill. The fact is, the interest rates to veterans and others that were raised on their housing loans because of the reduction in price of the long-term governments should now be changed—and it should be done immediately—to put the rates back where they were. There is reason to keep these rates up. The same argument that was used to justify the increases is applicable now to justify decreases. A reason cannot be given for holding up these rates but flimsy excuses are given that will not hold water.

The mortgage lenders and investors will be unduly benefited by a $2\frac{1}{2}$ percent interest spread provided in this bill. That is 1 percent more than the traditional rate and will result in giving the lenders, if it is granted, a bonus of that much—a pure bonus.

REGULATION X

This bill, H. R. 7837, restores a regulation X by imposing controls. No emergency exists to justify such controls. The authority is vested in the administration under this bill to do the following:

1. Change or vary interest rates.
2. Change FHA downpayments.
3. Change mortgage amortization terms.
4. Change fees and charges.
5. Change maximum dollar limits per room or per unit.

The Administrator has already testified that he will make certain changes in the event this provision becomes a law.

It imposes rigid controls in peacetime and when no emergency exists justifying such controls.

WRIGHT PATMAN.

MARCH 28, 1954.



Union Calendar No. 532

83D CONGRESS 2d Session	}	HOUSE OF REPRESENTATIVES	}	REPT. 1429 Part 2
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HOUSING ACT OF 1954

MARCH 29, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

MINORITY REPORT

[To accompany H. R. 7839]

This report is filed on behalf of those members whose signatures appear at the end of the report.

We of the minority find ourselves in fundamental disagreement with the majority on numerous major aspects of H. R. 7839. These include: (1) Failure to maintain traditional veterans' housing preferences; (2) failure to provide a realistic workable secondary mortgage market; (3) delegation to the President of authority to set maximum interest rates on FHA and VA mortgages; (4) delegation to the President of authority to control real-estate credit; (5) failure to authorize any units of low-rent public housing; (6) failure to establish safeguards against "mortgaging-out" under the various FHA rental housing programs; and (7) failure to require builders of FHA and VA houses to give the home buyer a warranty against defective construction.

In order that the House may be fully cognizant of the seriousness of these deficiencies, a detailed analysis of each is set forth below.

VETERANS' PREFERENCE

The minority regrets that your committee has not seen fit to continue the traditional congressional policy of veterans' preference in the field of housing. We believe the veteran, by his wartime service, earned the right to the preference that he has been accorded. Even if this were not true, however, he would be entitled to this preference because his lengthy absence from civilian life has placed him at a decided disadvantage in obtaining adequate housing. Unfortunately H. R. 7839 does much to dilute that preference.

Amendments to title II of the National Housing Act contained in title I of the bill would have immeasurable effect on the GI home loan program in several respects. The proposed increase in loan-to-value ratios and the reduction in cash down payments, together with the increase in the permissible term of the loan which will make lower monthly carrying charges possible, will make considerably more liberal financing terms possible for home purchasers under the FHA program. This, of course, would tend to dilute the preference which has been available to veterans obtaining GI financing, since the amendments would place nonveterans in virtually an equal position in respect to housing credit terms.

On the other hand, it is noted that the only action which the President could take in respect to VA guaranteed home loans would be to make GI loan terms more restrictive. All eligible veterans, including recent veterans of the Korean conflict, will be deprived to a considerable degree of the preferred position they heretofore enjoyed in respect to housing credit.

In the reconstitution of the Federal National Mortgage Association provided under title III of the bill, there is no provision that preferred support continue to be given to GI loans under the reconstituted secondary market facility. Similarly, GI loans are not enumerated among the special Fannie May assistance programs authorized by subsection 301 (b) of the bill.

Under present law, the Administrator of Veterans' Affairs is authorized, with the approval of the Secretary of the Treasury, to establish such rate of interest on VA mortgages, not in excess of 4½ percent, as he may find the loan market demands. The National Housing Act provides similar authority for adjustment of maximum interest rates by FHA, up to a maximum of 6 percent for most home mortgages. Since the Federal Housing Commissioner has adequate authority already to authorize an upward adjustment of the interest rate on FHA loans, the effect of section 201 is to make an upward adjustment of the interest rate for GI loans possible whenever the mortgage bankers decide to tighten the market.

The bill provides that the average yield on all marketable Government bonds with a maturity of 15 years or more shall be the base for comparison with FHA and VA interest rates. While the majority of VA loans are written for terms of 20 or 25 years, under the statutory maximum of 30 years, the best available estimates indicate that such mortgages will probably have an average life of not over 10 or 12 years. Accordingly, the inclusion of extremely long-term issues such as the 3¼ percent issue maturing in 1983 in the average used for comparison with mortgage interest rates will result in maintaining an artificially high maximum interest rate on home mortgages for veterans.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Title III is the most important section of the Housing Act of 1954. An adequate and readily available supply of mortgage financing is a prime requirement for a high and sustained volume of homebuilding. Yet, according to the consensus of testimony before the committee, title III in its present form imposes unduly restrictive requirements upon FNMA and may actually have the effect of deterring mortgage lending instead of sustaining it. Specifically it was pointed out to

the committee that the 3 percent nonrefundable contribution to the Federal National Mortgage Association, to be borne by the lender upon mortgage sales to FNMA, will unduly restrict use of the facility. It is noted, in passing, that it is unlikely lenders will assume the burden of the 3 percent contribution. Rather, the homebuilder, or more likely, the home buyer will ultimately pay it. Consequently, under the bill Federal credit (and equity capital provided by home purchasers) will be used to build up a multi-million-dollar secondary market reserve facility which will then be turned over to banks and insurance companies, who sold mortgages to FNMA but otherwise contributed little to acquire ownership share.

Under title III, the FNMA requirement to purchase at or below market price, the 3 percent contribution and the service fee, may result in a discount of home mortgages of 6½ to 7 percent under today's market condition.

The president of the National Association of Homebuilders testified:

On a \$12,000 loan, for example, this formula would result in a cost for permanent mortgage financing of \$750 to \$850. This equals, and probably exceeds, the extremely high discounts which characterized the mortgage market during last summer's unusual credit stringency.

Furthermore, the requirement that the Association liquidate its portfolio of old mortgages and limit its new purchases to mortgages which can be readily resold does not contribute additionally to the stability of the mortgage market now provided by conventional private brokerage operations. These requirements in fact create the danger that an undue increase in the mortgage supply arising from FNMA sales may lead to price declines.

Preference heretofore accorded GI mortgage loans in the secondary market operations of the FNMA is not continued under the bill. GI loans are not specifically included in the category of home mortgage loans for which FNMA is authorized to provide special assistance. Neither, apparently, is the special assistance which FNMA has given FHA section 213 cooperatives to be continued. The bill establishes no priority for use of the limited total of \$700 million authorized for the special assistance secondary market operations under section 301 (b). In the aggregate this amount could only assist the construction of approximately 70,000 dwelling units. To operate practically in the field of housing that needs special assistance by secondary market support, a system of priorities and a larger sum would appear to be required.

Finally it would appear that an appropriate policy statement indicating specifically the purpose that a secondary market facility is intended to serve should be included.

The National Association of Home Builders, representing the industry that does the constructing, has suggested the following:

It should help provide an adequate and stabilized mortgage market so that homes may be provided in the volume, in areas, of the size, and at the prices that the homebuying market requires.

The provisions of title III, in the opinion of the NAHB—

will prove unworkable and possibly do more to depress than to assist the mortgage market. Its terms go far beyond those reasonably necessary to prevent excessive use and, in effect, amount to a complete denial of the facility to the very users for whom it is intended.

INTEREST RATES

Under the authority vested in the President by title II of H. R. 7839 to adjust interest rates, fees, and service charges, maximum financing charges on federally aided home mortgage loans may go as high as 7 percent on the lowest priced housing (the new FHA sec. 221 program), 6½ percent on the other FHA-insured mortgages, and 5½ percent on VA-guaranteed home mortgage loans.

In this connection it is pointed out that under section 203, the FHA Commissioner already has authority to raise interest rates on most insured mortgages as high as 6 percent. On the other hand, under present law the maximum rate on GI home loans cannot be higher than 4½ percent. Consequently, it appears that the net effect of the new authority proposed under section 201 of the bill is to enable increases in interest rates to be made on GI home loans.

Concerning the desirability of establishing maximum limits and using automatic formulas as guides in setting effective financing charges on federally aided home mortgages, we recall the witness representing the Veterans' Administration stating that there is "considerable administrative experience to the effect that maximums tend to become minimums as well."

Provision for a 2½ percent spread over the yield on long-term marketable Government bonds under title II of the bill represents a rise of 1 percentage point in the spread that investors were willing to accept prior to the inauguration of the tight credit policies in early 1951. In view of the considerable easing of the money and credit supply since mid-1953, it does not appear necessary to provide for an increase in the traditional spread of 1½ percent between the maximum rate on federally aided home mortgages and the yield on long-term Government bonds, unless it is intended to reimpose restrictive tight money conditions on the economy.

Furthermore, in view of the testimony presented before the committee that the estimated average life of VA and FHA mortgages is considerably less than 15 years, using the yields on bonds with from 15 to 30 years remaining to maturity as the basis for setting maximum interest rates on such mortgages is highly questionable.

CONTROL OF REAL ESTATE CREDIT

Subsection 201 (5) would give the President authority to control real estate credit. It was under similar authority contained in the Defense Production Act of 1950 that regulation X was issued.

In the opinion of the minority, real estate credit controls are in reality a rationing mechanism, not a credit control mechanism. They are, moreover, a one-way rationing mechanism. They ration housing solely on the basis of the ability of the people who need housing to raise the downpayment. In recommending the termination of real estate credit controls on June 16, 1952 (p. 15, H. Rept. 2177, 82d Cong., 2d sess.), your Committee on Banking and Currency stated:

Evidence was presented to your committee that the inevitable discriminatory aspect of credit controls; namely, that they bear most heavily upon those in the lower income groups, who have less ready cash, had in the existing situation overshadowed the anti-inflationary aspect.

In 1953, a proposal to restore this authority was rejected by your committee.

Only a grave national emergency would justify the reimposition of real estate credit controls. In the admitted absence of such an emergency, the minority is opposed to granting the President authority to reimpose them.

LOW-RENT PUBLIC HOUSING

Several facts were developed throughout the hearings on H. R. 7839 with reference to the need for congressional action on the size of the low-rent public housing program, even though this issue is not dealt with in this measure.

Emphasis was placed by administration spokesmen and by a large majority of other witnesses on proposals to accomplish slum clearance, urban redevelopment, and urban renewal. Great hope was expressed that new programs under sections 220 and 221 under the Federal Housing Administration would make it possible to rehabilitate old homes, sound in structure, and provide new housing at low cost and with liberal financing terms for families presently living in substandard housing.

The minority agrees totally with the objectives of these programs. However, if old housing is to be rehabilitated and refinanced, one fact is very clear. A substantial number of families, probably half, presently living in the substandard units will be forced to vacate because their economic status will not permit them to live in the more expensive remodeled and modernized homes. It is also a fact that a program of rehabilitation will reduce, rather than enlarge, the housing supply. In those instances where slum housing is demolished as part of an urban renewal program, at least half of the tenants of the old property will have insufficient incomes to permit home purchases even of the proposed \$7,600 house (\$8,600 in high-cost areas), if it can be built, with no downpayment and 40 years to pay.

It follows, therefore, that unless provision is made to rehouse low-income families, displaced through either renewal or slum clearance, these programs cannot be undertaken and the objectives of H. R. 7839 can never be realized.

The President in his housing message recognized that fact when he urged that 35,000 units of low-rent public housing be provided in fiscal year 1955 and during each of the following 3 years. Administrator Albert M. Cole indicated that such a program was essential for the rehousing of many displaced families. While it is the opinion of the minority, that a program of 35,000 public housing units would be entirely inadequate, even if limited to families displaced by slum clearance, urban renewal, or for other public purposes, it would at least have been something.

The entire issue of public housing has always been within the initial jurisdiction of the House Committee on Banking and Currency. The Housing Act of 1949 provided for 810,000 of such units to be built at the rate of 135,000 a year for a 6-year period. That still represents basic national policy, except as it has been amended by legislative limitations on appropriation bills voted under a waiver of rules. The size of the program goes to the very heart of the public housing issue. But no reference to size is contained in H. R. 7839.

The minority recommends that the proposed Housing Act of 1954 be amended by striking unit limitations adopted in the passage of the Independent Offices Appropriation Acts for fiscal years 1953 and 1954,

thereby returning to the basic provisions of the Housing Act of 1949. If that were done the President would have to increase or decrease the size of the public housing program in line with economic needs and considerations. It would make it possible for him to carry out the program he proposed, and to meet the needs of families of low income displaced by the slum clearance and urban renewal program he recommends. It is the desire of the minority to make his program realistically workable.

At the same time, by establishing the size of the low-rent public housing program as part of a total housing program, it would be returned to its place of proper jurisdiction; namely, with the basic legislative committee, the House Committee on Banking and Currency.

PROTECTION AGAINST "MORTGAGING-OUT"

It is the opinion of the minority that every reasonable legislative safeguard must be provided against abuses in existing and proposed rental housing programs where the Federal Government is assuming large risks. Members of Congress will recall that under the FHA 608 rental housing program there were instances where mortgagors completed projects for less than the amount of the mortgage and pocketed the difference plus normal profits. This was commonly referred to as "mortgaging-out."

When FHA title IX, as part of the Defense Housing and Community Facilities and Services Act of 1951, was adopted, it was amended with bipartisan sponsorship to require that the mortgagor certify upon completion of the physical improvements on the mortgaged property the amount, if any, by which the proceeds of the mortgage loan exceeded the actual costs of the physical improvements, and to pay within 60 days after such certification to the mortgagee for application to the reduction of the principal amount of the mortgage the amount so certified to be in excess of actual cost. It provided protection against kickbacks and other abuses. Last year, the Congress added an identical provision to FHA title VIII (Wherry Act military housing).

Efforts of the minority to protect the new programs under FHA section 220 and 221 and existing programs under FHA sections 207 (rental housing) and 213 (cooperatives) with identical safeguards were defeated.

MANDATORY BUILDER'S WARRANTY

The minority feels that the buyer of a 1- or 2-family house, built with Federal assistance, should be given a warranty by the builder that the house has been built according to the plans and specifications on which the Federal assistance was based. Such a provision was included in last year's housing bill, as reported by your committee. It passed the House without opposition but was eliminated in conference. A mandatory builder's warranty would carry out the chief recommendation resulting from the Rains subcommittee's investigation of housing constructed under the FHA and VA programs. The subcommittee found that the purchasers of FHA and VA houses generally bought through purchase contracts which did not contain, or incorporate by reference, plans or specifications which would in any way protect the buyers. On the basis of these con-

tracts, they rarely had any legal basis for suit against the builders. The minority feels that a mandatory builder's warranty is an absolute necessity if the defective construction of FHA and VA houses is to be prevented in the future.

In taking this position, however, the minority wishes to emphasize that the requirement of a warranty is not a reflection on the honest builder. In fact, providing the buyer with a warranty is a common practice in many other lines of industry. When a person buys a house he is, as a rule, making a lifetime investment and he should have reasonable protection.

It is the intention of the minority to offer amendments on the floor of the House with the view to correcting the several major deficiencies, described above, contained in H. R. 7839. We are firmly convinced that the adoption by the House of these amendments to the Housing Act of 1954 is an absolute necessity if the President's laudable recommendations to provide the country with a new and dynamic housing program are to be transferred by this Congress into concrete statute form.

BRENT SPENCE.
WRIGHT PATMAN.
ALBERT RAINS.
ABRAHAM J. MULTER.
CHARLES B. DEANE.
GEORGE D. O'BRIEN.
HUGH J. ADDONIZIO.
ISIDORE DOLLINGER.
RICHARD BOLLING.
WILLIAM A. BARRETT.
WAYNE L. HAYS.
BARRATT O'HARA.
EUGENE J. MCCARTHY.



H. R. 7839

[Report No. 1429]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1954

Mr. WOLCOTT introduced the following bill; which was referred to the Committee on Banking and Currency

MARCH 28, 1954

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 *That this Act may be cited as the "Housing Act of 1954".*

4 **TITLE I—FEDERAL HOUSING ADMINISTRATION**
5 **AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT**

6 **SEC. 101. Section 2 (b) of the National Housing Act,**
7 **as amended, is hereby amended—**

8 **(1) by striking out clause numbered (1) and in-**
9 **serting the following: "(1) if the amount of such loan,**
10 **advance of credit, or purchase exceeds \$3,000";**

1 ~~(2)~~ by striking out of clause numbered ~~(2)~~ the
2 words "three years" and inserting "five years"; and

3 ~~(3)~~ by striking out of the first proviso "\$10,000
4 and having a maturity not in excess of seven years" and
5 inserting "\$10,000 or \$1,500 per family unit, whichever
6 is the greater, and having a maturity not in excess of
7 ten years".

8 SEC. 102. Section 2 ~~(f)~~ of said Act, as amended, is
9 hereby amended by adding the following at the end thereof:
10 "The account heretofore established in connection with insur-
11 ance operations under this section and identified in the
12 accounting records of the Federal Housing Administration as
13 the Title I Claims Account shall be terminated as of June
14 30, 1954, at which time all of the remaining assets of such
15 account, together with deposits therein for the account of
16 obligors, shall be transferred to and merged with the account
17 established pursuant to this subsection. Moneys in the ac-
18 count established pursuant to this subsection not needed for
19 the current operations of the Federal Housing Administration
20 may be invested in bonds or other obligations of, or in bonds
21 or other obligations guaranteed as to principal and interest
22 by, the United States."

23 SEC. 103. Section 8 of said Act, as amended, is hereby
24 amended by striking the period at the end of subsection ~~(a)~~
25 and inserting a colon and the following: "*And provided*

1 *further*, That no mortgage shall be insured under this section
 2 after the effective date of the Housing Act of 1954, except
 3 pursuant to a commitment to insure issued on or before such
 4 date."

5 AMENDMENTS OF TITLE H OF NATIONAL HOUSING ACT

6 SEC. 104. Section 203 (b) (2) of said Act, as amended,
 7 is hereby amended to read as follows:

8 "(2) Involve a principal obligation (including such
 9 initial service charges, appraisal, inspection, and other fees
 10 as the Commissioner shall approve) in an amount not to
 11 exceed \$20,000 in the case of property upon which there is
 12 located a dwelling designed principally for a one- or two-
 13 family residence; or \$27,500 in the case of a three-family
 14 residence; or \$35,000 in the case of a four-family residence;
 15 and not to exceed an amount equal to the sum of (i) 95
 16 per centum of \$8,000 of the appraised value (as of the
 17 date the mortgage is accepted for insurance), and (ii) 75 per
 18 centum of such value in excess of \$8,000: *Provided*, That
 19 the mortgagor shall have paid on account of the property at
 20 least 5 per centum (or such larger amount as the Commis-
 21 sioner may determine) of the Commissioner's estimate of the
 22 cost of acquisition in cash or its equivalent: *And provided*
 23 *further*, That such mortgage shall not involve a principal
 24 obligation exceeding the maximum amount prescribed by
 25 the provisions of this section 203 in effect prior to the effec-

1 tive date of the Housing Act of 1954, unless the President
 2 pursuant to section 201 of the Housing Act of 1954 has
 3 authorized a greater maximum amount, in which event such
 4 principal obligation shall not exceed such greater maximum
 5 amount."

6 SEC. 105. Section 203 (b) (3) of said Act, as amended,
 7 is hereby amended to read as follows:

8 "(3) Have a maturity satisfactory to the Commissioner,
 9 but not to exceed, in any event, thirty years from the date
 10 of the insurance of the mortgage: *Provided*, That the ma-
 11 turity of any such mortgage shall not exceed the maximum
 12 maturity prescribed therefor by the provisions of this sec-
 13 tion 203 in effect prior to the effective date of the Housing
 14 Act of 1954, unless the President, pursuant to section 201
 15 of the Housing Act of 1954, has authorized a greater ma-
 16 turity, in which event the maturity of such mortgage shall
 17 not exceed such greater maturity."

18 SEC. 106. Section 203 (b) (5) of said Act, as amended,
 19 is hereby amended to read as follows:

20 "(5) Bear interest (exclusive of premium charges for
 21 insurance, and service charges if any) at not to exceed 5
 22 per centum per annum on the amount of the principal obli-
 23 gation outstanding at any time, or not to exceed such per
 24 centum per annum not in excess of 6 per centum as the
 25 Commissioner finds necessary to meet the mortgage market."

1 SEC. 107. Section 203 (c) of said Act, as amended, is
2 amended by striking out of the second sentence the word
3 "*Provided*" and inserting: "*Provided*, That debentures pre-
4 sented in payment of premium charges shall represent obli-
5 gations of the particular insurance fund to which such pre-
6 mium charges are to be credited: *Provided further*."

7 SEC. 108. Section 203 (d) of said Act, as amended, is
8 hereby amended by striking the period at the end thereof
9 and inserting a colon and the following: "*And provided fur-*
10 *ther*, That no mortgage shall be insured pursuant to this sub-
11 section after the effective date of the Housing Act of 1954,
12 except pursuant to a commitment to insure issued on or be-
13 fore such date."

14 SEC. 109. Subsections (f) and (g) of section 203 of said
15 Act, as amended, are hereby repealed.

16 SEC. 110. Section 203 of said Act, as amended, is hereby
17 further amended by adding the following new subsection at
18 the end thereof:

19 "(h) Notwithstanding any other provision of this sec-
20 tion, the Commissioner is authorized to insure any mortgage
21 which does not involve a principal obligation in excess of
22 \$7,000 or in excess of 100 per centum of the appraised
23 value of a property upon which there is located a dwelling
24 designed principally for a single-family residence, where the
25 mortgagor is the owner and occupant and establishes (to the

1 satisfaction of the Commissioner) that his home which he
 2 occupied as an owner or as a tenant was destroyed or dam-
 3 aged to such an extent that reconstruction is required as a
 4 result of a flood, fire, hurricane, earthquake, storm, or other
 5 catastrophe which the President, pursuant to section 2 (a)
 6 of the Act entitled 'An Act to authorize Federal assistance
 7 to States and local governments in major disasters and for
 8 other purposes' (Public Law 875, Eighty-first Congress, ap-
 9 proved September 30, 1950), as amended, has determined
 10 to be a major disaster."

11 SEC. 111. Section 204 (a) of said Act, as amended,
 12 is hereby amended—

13 (1) by striking out of the third sentence the words
 14 "any mortgage insurance premiums paid after either
 15 of such dates" and inserting "any mortgage insurance
 16 premiums paid after either of such dates, any tax im-
 17 posed by the United States upon any deed or other
 18 instrument by which said property was acquired by the
 19 mortgage and transferred or conveyed to the Commis-
 20 sioner";

21 (2) by striking out of the second proviso the words
 22 "or under section 213 of this Act," and inserting the fol-
 23 lowing: "or under section 213 of this Act, or with re-
 24 spect to any mortgage accepted for insurance under

1 section 203 on or after the date of enactment of the
2 Housing Act of 1954,"; and

3 (3) by striking the period at the end thereof and
4 inserting a colon and the following: "*And provided*
5 *further, That notwithstanding any requirement contained*
6 *in this Act that debentures may be issued only upon*
7 *acquisition of title and possession by the mortgagee and*
8 *its subsequent conveyance and transfer to the Commis-*
9 *sioner, and for the purpose of avoiding unnecessary con-*
10 *veyance expense in connection with payment of*
11 *insurance benefits under the provisions of this Act, the*
12 *Commissioner is authorized, subject to such rules and*
13 *regulations as he may prescribe, to permit the mortgagee*
14 *to tender to the Commissioner a satisfactory conveyance*
15 *of title and transfer of possession direct from the mort-*
16 *gager or other appropriate grantor and to pay the*
17 *insurance benefits to the mortgagee which it would*
18 *otherwise be entitled to if such conveyance had been*
19 *made to the mortgagee and from the mortgagee to the*
20 *Commissioner."*

21 SEC. 112. Section 204 (d) of said Act, as amended, is
22 hereby amended by striking out of the second sentence
23 thereof the words "three years after the 1st day of July fol-
24 lowing the maturity date of the mortgage on the property in

1 exchange for which the debentures were issued, except that
2 debentures issued with respect to mortgages insured under
3 section 213 shall mature twenty years after the date of such
4 debentures" and inserting "ten years after the date thereof".

5 SEC. 113. Section 204 of said Act, as amended, is hereby
6 amended by adding at the end thereof the following new sub-
7 section:

8 "(i) In the event that any mortgagee under a mortgage
9 insured under section 203 forecloses on the mortgaged prop-
10 erty but does not convey such property to the Commissioner
11 in accordance with this section, and the Commissioner is
12 given written notice thereof, or in the event that the mort-
13 gager pays the obligation under the mortgage in full prior to
14 the maturity thereof, and the mortgagee pays any adjusted
15 premium charge required under the provisions of section 203
16 (e), and the Commissioner is given written notice by the
17 mortgagee of the payment of such obligation, the obligation
18 to pay any subsequent premium charge for insurance shall
19 cease, and all rights of the mortgagee and the mortgager
20 under this section shall terminate as of the date of such
21 notice."

22 SEC. 114. Section 205 of said Act, as amended, is hereby
23 amended to read as follows:

24 "SEC. 205. (a) The Commissioner shall establish as of
25 July 1, 1954, in the Mutual Mortgage Insurance Fund a

1 General Surplus Account and a Participating Reserve Ac-
2 count. All of the assets of the General Reinsurance Account
3 shall be transferred to the General Surplus Account where-
4 upon the General Reinsurance Account shall be abolished.
5 There shall be transferred from the various group accounts
6 to the Participating Reserve Account as of July 1, 1954, an
7 amount equal to the aggregate amount which would have
8 been distributed under the provisions of section 205 in effect
9 on June 30, 1954, if all outstanding mortgages in such group
10 accounts had been paid in full on said date. All of the
11 remaining balances of said group accounts shall as of said date
12 be transferred to the General Surplus Account whereupon all
13 of said group accounts shall be abolished.

14 (b) The aggregate net income thereafter received or
15 any net loss thereafter sustained by the Mutual Mortgage
16 Insurance Fund in any semiannual period shall be credited
17 or charged to the General Surplus Account and/or the Par-
18 ticipating Reserve Account in such manner and amounts as
19 the Commissioner may determine to be in accord with sound
20 actuarial and accounting practice.

21 (c) Upon termination of the insurance obligation of the
22 Mutual Mortgage Insurance Fund by payment of any mort-
23 gage insured thereunder, the Commissioner is authorized to
24 distribute to the mortgagor a share of the Participating
25 Reserve Account in such manner and amount as the Com-

1 missioner shall determine to be equitable and in accordance
2 with sound actuarial and accounting practice: *Provided,*
3 That, in no event, shall any such distributable share exceed
4 the aggregate scheduled annual premiums of the mortgagor
5 to the year of termination of the insurance.

6 “(d) No mortgagor or mortgagee of any mortgage in-
7 sured under section 203 shall have any vested right in a
8 credit balance in any such account or be subject to any
9 liability arising out of the mutuality of the Fund and the
10 determination of the Commissioner as to the amount to be
11 paid by him to any mortgagor shall be final and conclusive.”

12 SEC. 115. Section 207 (c) of said Act, as amended, is
13 hereby amended—

14 (1) by inserting after the first proviso in paragraph
15 numbered (2) the following: “*Provided further, That*
16 nothing contained in this section shall preclude the in-
17 surance of mortgages covering existing construction
18 located in slum or blighted areas, as defined in para-
19 graph numbered (5) of subsection (a) of this section,
20 and the Commissioner may require such repair or re-
21 habilitation work to be completed as is, in his discretion,
22 necessary to remove conditions detrimental to safety,
23 health, or morals.”;

1 ~~(2)~~ by striking out the word "Alaska" in para-
2 graph numbered ~~(2)~~ and inserting "Alaska, or in
3 Guam,"; and

4 ~~(3)~~ by striking out paragraph numbered ~~(3)~~ and
5 inserting the following:

6 "~~(3)~~ not to exceed, for such part of such property
7 or project as may be attributable to dwelling use, \$2,000
8 per room ~~(or \$7,200 per family unit if the number of~~
9 rooms in such property or project does not equal or ex-
10 ceed four per family unit): *Provided*, That as to proj-
11 ects to consist of elevator type structures, the Commis-
12 sioner may, in his discretion, increase the dollar amount
13 limitation of \$2,000 per room to not to exceed \$2,400
14 per room and the dollar amount limitation of \$7,200 per
15 family unit to not to exceed \$7,500 per family unit, as the
16 case may be, to compensate for the higher costs incident
17 to the construction of elevator type structures of sound
18 standards of construction and design: *And provided*
19 *further*, That such mortgage shall not involve a prin-
20 cipal obligation exceeding the maximum amount pre-
21 scribed by the provisions of this section 207 in effect
22 prior to the effective date of the Housing Act of 1954,
23 unless the President, pursuant to section 201 of the

1 Housing Act of 1954 has authorized a greater maximum
2 amount, in which event such principal obligation shall
3 not exceed such greater maximum amount."

4 SEC. 116. Section 207 (d) of said Act, as amended, is
5 hereby amended by inserting the words "of the Housing In-
6 surance Fund" between the words "debentures" and "is-
7 sued" in the first sentence of such section.

8 SEC. 117. Section 207 (h) of said Act, as amended, is
9 hereby amended by striking out the period at the end of the
10 first sentence and adding the following: "and a reasonable
11 amount for necessary expenses incurred by the mortgagee in
12 connection with the foreclosure proceedings, or the acquisi-
13 tion of the mortgaged property otherwise, and the convey-
14 ance thereof to the Commissioner."

15 SEC. 118. Section 212 (a) of said Act, as amended, is
16 hereby amended, by inserting at the end thereof the follow-
17 ing new sentence: "The provisions of this section shall also
18 apply to the insurance of any mortgage under section 220
19 which covers property on which there is located a dwelling
20 or dwellings designed principally for residential use for twelve
21 or more families."

22 SEC. 119. Section 213 (b) of said Act, as amended, is
23 hereby amended by striking clauses (1) and (2) and in-
24 serting:

25 "(1) not to exceed \$5,000,000, or not to exceed

1 \$25,000,000 if the mortgage is executed by a mortgagor
2 regulated or supervised under Federal or State laws or
3 by political subdivisions of States or agencies thereof, as
4 to rents, charges, and methods of operation; and

5 “(2) not to exceed, for such part of such property
6 or project as may be attributable to dwelling use,
7 \$2,250 per room (or \$8,100 per family if the number
8 of rooms in such property or project does not equal or
9 exceed four per family unit); and not to exceed 90 per
10 centum of the estimated value of the property or project
11 when the proposed improvements are completed: *Pro-*
12 *vided*, That if at least 65 per centum of the membership
13 of the corporation or number of beneficiaries of the
14 trust consists of veterans, the mortgage may involve a
15 principal obligation not to exceed \$2,375 per room (or
16 \$8,550 per family unit if the number of rooms in such
17 property or project does not equal or exceed four per
18 family unit); and not to exceed 95 per centum of the
19 estimated value of the property or project when the
20 proposed physical improvements are completed: *Pro-*
21 *vided further*, That as to projects which consist of ele-
22 vator type structures, and to compensate for the higher
23 costs incident to the construction of elevator type struc-
24 tures of sound standards of construction and design, the
25 Commissioner may, in his discretion, increase the afore-

1 said dollar amount limitations per room or per family
2 unit (as may be applicable to the particular case)
3 within the following limits: (i) \$2,250 per room to
4 not to exceed \$2,700; (ii) \$2,375 per room to not to
5 exceed \$2,850; (iii) \$8,100 per family unit to not to
6 exceed \$8,400; and (iv) \$8,550 per family unit to
7 not to exceed \$8,900: *Provided further*, That such
8 mortgage shall not involve a principal obligation exceed-
9 ing the maximum amount per room or per family unit
10 prescribed by the provisions of this section 213 in effect
11 prior to the effective date of the Housing Act of 1954,
12 unless the President, pursuant to section 201 of the
13 Housing Act of 1954 has authorized a greater maximum
14 amount, in which event such principal obligation shall
15 not exceed such greater maximum amount: *And pro-*
16 *vided further*, That for the purposes of this section the
17 word 'veteran' shall mean a person who has served in
18 the active military or naval service of the United States
19 at any time on or after September 16, 1940, and prior
20 to July 26, 1947, or on or after June 27, 1950, and
21 prior to such date thereafter as shall be determined by
22 the President."

23 SEC. 120. Section 213 (f) of said Act, as amended,
24 is hereby amended by striking the last sentence thereof.

1 SEC. 121. Section 217 of said Act, as amended, is
2 hereby amended to read as follows:

3 “SEC. 217. Notwithstanding limitations contained in any
4 other section of this Act on the aggregate amount of principal
5 obligations of mortgages or loans which may be insured (or
6 insured and outstanding at any one time), the aggregate
7 amount of principal obligations of all mortgages which may
8 be insured and outstanding at any one time under insurance
9 contracts or commitments to insure pursuant to any section
10 or title of this Act (except section 2) shall not exceed the
11 sum of (a) the outstanding principal balances, as of July 1,
12 1954, of all insured mortgages (as estimated by the Commis-
13 sioner based on scheduled amortization payments without
14 taking into account prepayments or delinquencies), (b) the
15 principal amount of all outstanding commitments to insure
16 on that date, and (c) \$1,500,000,000, except that with the
17 approval of the President such aggregate amount may be
18 increased by not to exceed \$500,000,000.

19 “It is the intent and purpose of this section to consoli-
20 date and merge all existing mortgage insurance authorizations
21 or existing limitations with respect to any section or title of
22 this Act (except section 2) into one general insurance
23 authorization to take the place of all existing authorizations
24 or limitations.”

1 SEC. 122. Section 219 of said Act, as amended, is
 2 hereby amended by striking out the words "or the Defense
 3 Housing Insurance Fund," and inserting "the Defense Hous-
 4 ing Insurance Fund, or the Section 220 Housing Insurance
 5 Fund."

6 SEC. 123. Title II of said Act, as amended, is hereby
 7 amended by adding at the end thereof the following new
 8 sections:

9 "REHABILITATION AND NEIGHBORHOOD CONSERVATION
 10 HOUSING INSURANCE

11 "SEC. 220. (a) The purpose of this section is to sup-
 12 plement the insurance of mortgages under sections 203 and
 13 207 of this title by providing a system of mortgage insurance
 14 to provide financial assistance in the rehabilitation of existing
 15 dwelling accommodations and the construction of new dwell-
 16 ing accommodations as an aid in the elimination of blight
 17 and slum conditions and in the prevention of the deteriora-
 18 tion of property located in an urban renewal area (as de-
 19 fined in title I of the Housing Act of 1949, as amended) in
 20 a community respecting which the Housing and Home
 21 Finance Administrator has made the certification to the
 22 Commissioner provided for by subsection 101 (c) of the
 23 Housing Act of 1949, as amended.

24 "(b) The Commissioner is authorized, upon application
 25 by the mortgagee, to insure, as hereinafter provided, any

1 mortgage (including advances during construction on mort-
 2 gages covering property of the character described in para-
 3 graph ~~(3)~~ ~~(B)~~ of subsection ~~(d)~~ of this section) which is
 4 eligible for insurance as hereinafter provided, and, upon
 5 such terms and conditions as he may prescribe, to make
 6 commitments for the insurance of such mortgages prior to the
 7 date of their execution or disbursement thereon: *Provided,*
 8 That the property covered by the mortgage is in an urban
 9 renewal area referred to in subsection ~~(a)~~ of this section.

10 “~~(c)~~ As used in this section, the terms ‘mortgage’,
 11 ‘first mortgage’, ‘mortgagee’, ‘mortgager’, ‘maturity date’,
 12 and ‘State’ shall have the same meaning as in section 201 of
 13 this Act.

14 “~~(d)~~ To be eligible for insurance under this section a
 15 mortgage shall meet the following conditions:

16 “~~(1)~~ The mortgaged property shall be located in a
 17 delineated area (within an urban renewal area as defined in
 18 title I of the Housing Act of 1949, as amended) with respect
 19 to which delineated area a specific plan of rehabilitation and
 20 conservation has been established to carry out the purposes
 21 set forth in subsection ~~(a)~~ of this section: *Provided,* That, in
 22 the opinion of the Commissioner ~~(i)~~ there exists necessary
 23 authority and financial capacity to assure the completion of
 24 such plan and ~~(ii)~~ such plan will be effective to assure com-

1 pliance with such standards and conditions as the Com-
2 missioner may prescribe to establish the acceptability of such
3 property for mortgage insurance.

4 “(2) The mortgaged property shall be held by—

5 “(A) a mortgagor approved by the Commissioner;
6 and the Commissioner may in his discretion require such
7 mortgagor to be regulated or restricted as to rents or
8 sales, charges, capital structure, rate of return and meth-
9 ods of operation, and for such purpose the Commissioner
10 may make such contracts with and acquire for not to ex-
11 ceed \$100 stock or interest in any such mortgagor as the
12 Commissioner may deem necessary to render effective
13 such restriction or regulations. Such stock or interest
14 shall be paid for out of the Section 220 Housing In-
15 surance Fund and shall be redeemed by the mortgagor
16 at par upon the termination of all obligations of the
17 Commissioner under the insurance; or

18 “(B) by Federal or State instrumentalities, munic-
19 ipal corporate instrumentalities of one or more States,
20 or limited dividend or redevelopment or housing corpora-
21 tions restricted by Federal or State laws or regulations of
22 State banking or insurance departments as to rents,
23 charges, capital structure, rate of return, or methods of
24 operation.

25 “(3) The mortgage shall involve a principal obligation

1 (including such initial service charges, appraisal, inspection
2 and other fees as the Commissioner shall approve) in an
3 amount—

4 “(A) not to exceed \$20,000 in the case of prop-
5 erty upon which there is located a dwelling designed
6 principally for a one- or two-family residence; or
7 \$27,000 in the case of a three-family residence; or
8 \$35,000 in the case of a four-family residence; or in the
9 case of a dwelling designed principally for residential
10 use for more than four families (but not exceeding such
11 additional number of family units as the Commissioner
12 may prescribe) \$35,000 plus not to exceed \$7,000 for
13 each additional family unit in excess of four located on
14 such property; and not to exceed an amount equal to the
15 sum of (i) 95 per centum of \$8,000 of the appraised
16 value (as of the date the mortgage is accepted for insur-
17 ance) and (ii) 75 per centum of such value in excess of
18 \$8,000: *Provided*, That such mortgage shall not involve
19 a principal obligation exceeding the maximum amount
20 prescribed by the provisions of section 203 in effect prior
21 to the effective date of the Housing Act of 1954, unless
22 the President, pursuant to section 204 of the Housing
23 Act of 1954 has authorized a greater maximum amount,
24 in which event such principal obligation shall not exceed
25 such greater maximum amount; or

1 “(B) (i) not to exceed \$5,000,000, or, if executed
2 by a mortgagor coming within the provisions of para-
3 graph (2) (B) of this subsection (d), not to exceed
4 \$50,000,000; and

5 “(ii) not to exceed 90 per centum of the estimated
6 value of the property or project when the proposed
7 improvements are completed (the value of the property
8 or project may include the land, the proposed physical
9 improvements, utilities within the boundaries of the
10 property or project, architect's fees, taxes, and interest
11 during construction, and other miscellaneous charges
12 incident to construction and approved by the Commis-
13 sioner); and

14 “(iii) not to exceed, for such part of such property
15 or project as may be attributable to dwelling use, \$2,250
16 per room (or \$7,200 per family unit if the number of
17 rooms in such property or project does not equal or ex-
18 ceed four per family unit): *Provided*, That as to projects
19 to consist of elevator-type structures, the Commissioner
20 may, in his discretion, increase the dollar amount limi-
21 tation of \$2,250 per room to not to exceed \$2,700 per
22 room and the dollar amount limitation of \$7,200 per
23 family unit to not to exceed \$7,500 per family unit, as
24 the case may be, to compensate for the higher costs
25 incident to the construction of elevator-type structures of

1 sound standards of construction and design: *Provided*
2 *further*, That a mortgage coming within the provisions
3 of this paragraph ~~(3)~~ ~~(B)~~ shall not involve a principal
4 obligation exceeding the maximum amount prescribed
5 by the provisions of section 207 in effect prior to the
6 effective date of the Housing Act of 1954, unless the
7 President, pursuant to section 201 of the Housing Act
8 of 1954 has authorized a greater maximum amount, in
9 which event such principal obligation shall not exceed
10 such greater maximum amount: *And provided further*,
11 That nothing contained in part ~~(B)~~ shall preclude the
12 insurance of mortgages covering existing multifamily
13 dwellings to be rehabilitated or reconstructed for the
14 purposes set forth in subsection ~~(a)~~ of this section.

15 “~~(4)~~ The mortgage shall provide for complete amortiza-
16 tion by periodic payments within such terms as the Commis-
17 sioner may prescribe, but as to mortgages coming within the
18 provisions of paragraph ~~(3)~~ ~~(A)~~ of this subsection ~~(d)~~
19 not to exceed the maximum maturity prescribed by the
20 provisions of section 203 in effect prior to the effective date
21 of the Housing Act of 1954, unless the President, pursuant
22 to section 201 of the Housing Act of 1954, has authorized a
23 greater maturity, in which event the maturity of such mort-
24 gage shall not exceed such greater maturity: *Provided*, That
25 such maturity shall not exceed, in any event, thirty years

1 from the date of insurance of the mortgage. The mortgage
2 shall bear interest (exclusive of premium charges for insur-
3 ance and service charge, if any) at not to exceed 5 per
4 centum per annum on the amount of the principal obligation
5 outstanding at any time, or not to exceed such per centum per
6 annum not in excess of 6 per centum as the Commissioner
7 finds necessary to meet the mortgage market; contain such
8 terms and provisions with respect to the application of the
9 mortgagor's periodic payment to amortization of the principal
10 of the mortgage, insurance, repairs, alterations, payment of
11 taxes, default reserves, delinquency charges, foreclosure pro-
12 ceedings, anticipation of maturity, additional and secondary
13 liens, and other matters as the Commissioner may in his
14 discretion prescribe.

15 “(e) The Commissioner may at any time, under such
16 terms and conditions as he may prescribe, consent to the
17 release of the mortgagor from his liability under the mortgage
18 or the credit instrument secured thereby, or consent to the
19 release of parts of the mortgaged property from the lien of
20 the mortgage.

21 “(f) The mortgagee shall be entitled to receive the
22 benefits of the insurance as hereinafter provided—

23 “(1) as to mortgages meeting the requirements of
24 paragraph (3) (A) of subsection (d) of this section,
25 as provided in section 204 (a) of this Act with respect

1 to mortgages insured under section 203; and the pro-
2 visions of subsections ~~(b)~~, ~~(c)~~, ~~(d)~~, ~~(e)~~, ~~(f)~~, ~~(g)~~,
3 and ~~(h)~~ of section 204 of this Act shall be applicable to
4 such mortgages insured under this section, except that
5 all references therein to the Mutual Mortgage Insurance
6 Fund or the Fund shall be construed to refer to the
7 Section 220 Housing Insurance Fund and all references
8 therein to section 203 shall be construed to refer to this
9 section; or

10 “~~(2)~~ as to mortgages meeting the requirements of
11 paragraph ~~(3)~~ ~~(B)~~ of subsection ~~(d)~~ of this section,
12 as provided in section 207 ~~(g)~~ of this Act with respect
13 to mortgages insured under said section 207, and the
14 provisions of subsections ~~(h)~~, ~~(i)~~, ~~(j)~~, ~~(k)~~, and ~~(l)~~
15 of section 207 of this Act shall be applicable to such
16 mortgages insured under this section, and all references
17 therein to the Housing Insurance Fund or the Housing
18 Fund shall be construed to refer to the Section 220
19 Housing Insurance Fund.

20 “~~(g)~~ There is hereby created a Section 220 Housing
21 Insurance Fund which shall be used by the Commissioner
22 as a revolving fund for carrying out the provisions of this
23 section, and the Commissioner is hereby authorized to transfer
24 to such Fund the sum of \$1,000,000 from the War Housing
25 Insurance Fund established pursuant to the provisions of

1 section 602 of this Act. General expenses of operation of
2 the Federal Housing Administration under this section may
3 be charged to the Section 220 Housing Insurance Fund.

4 "Moneys in the Section 220 Housing Insurance Fund
5 not needed for the current operations of the Federal Housing
6 Administration under this section shall be deposited with the
7 Treasurer of the United States to the credit of such Fund, or
8 invested in bonds or other obligations of, or in bonds or other
9 obligations guaranteed as to principal and interest by, the
10 United States. The Commissioner may, with the approval of
11 the Secretary of the Treasury, purchase in the open market
12 debentures issued under the provisions of this section. Such
13 purchases shall be made at a price which will provide an
14 investment yield of not less than the yield obtainable from
15 other investments authorized by this section. Debentures
16 so purchased shall be canceled and not reissued.

17 "Premium charges, adjusted premium charges, and ap-
18 praisal and other fees received on account of the insurance
19 of any mortgage accepted for insurance under this section,
20 the receipts derived from the property covered by such mort-
21 gage and claims assigned to the Commissioner in con-
22 nection therewith shall be credited to the Section 220 Hous-
23 ing Insurance Fund. The principal of, and interest paid
24 and to be paid on debentures issued under this section, cash
25 adjustments, and expenses incurred in the handling, manage-

1 ment, renovation, and disposal of properties acquired under
2 this section shall be charged to such Fund.

3 “SEC. 221. (a) This section is designed to supplement
4 systems of mortgage insurance under other provisions of the
5 National Housing Act in order to assist in relocating families
6 to be displaced as the result of governmental action in a com-
7 munity respecting which the Housing and Home Finance
8 Administrator has made the certification to the Commissioner
9 provided for by subsection 101 (c) of the Housing Act of
10 1949, as amended. Mortgage insurance under this section
11 shall be available only in those localities or communities
12 which shall have requested such mortgage insurance to be
13 provided: *Provided*, That the Commissioner shall prescribe
14 such procedures as in his judgment are necessary to secure
15 to the families to be so displaced, referred to above, a pref-
16 erence or priority of opportunity to purchase or rent such
17 dwelling units: *And provided further*, That the total number
18 of dwelling units in properties covered by mortgages insured
19 under this section in any such community shall not exceed
20 the total number of such dwelling units which the Commis-
21 sioner determines to be needed for the relocation of families
22 to be so displaced and who would be eligible to obtain the
23 benefits of the insurance authorized by this section.

24 “(b) The Commissioner is authorized, upon application
25 by the mortgagee, to insure under this section as hereinafter

1 provided any mortgage which is eligible for insurance as pro-
 2 vided herein and, upon such terms and conditions as the
 3 Commissioner may prescribe, to make commitments for the
 4 insurance of such mortgages prior to the date of their execu-
 5 tion or disbursement thereon.

6 “(c) As used in this section, the terms ‘mortgage’, ‘first
 7 mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’ and
 8 ‘State’ shall have the same meaning as in section 201 of this
 9 Act.

10 “(d) To be eligible for insurance under this section,
 11 a mortgage shall—

12 “(1) have been made to and be held by a mort-
 13 gagee approved by the Commissioner as responsible and
 14 able to service the mortgage properly;

15 “(2) involve a principal obligation (including such
 16 initial service charges, appraisal, inspection, and other
 17 fees as the Commissioner shall approve) in an amount
 18 not to exceed \$7,000, and not to exceed 100 per centum
 19 of the appraised value (as of the date the mortgage is
 20 accepted for insurance) of a property, upon which there
 21 is located a dwelling designed principally for a single-
 22 family residence: *Provided*, That the mortgagor shall
 23 be the owner and occupant of the property at the time
 24 of the insurance and shall have paid on account of the
 25 property at least \$200 (which amount may include

1 amounts to cover settlement costs and initial payments
2 for taxes, hazard insurance, mortgage insurance pre-
3 mium, and other prepaid expenses): *Provided further,*
4 That nothing contained herein shall preclude the Com-
5 missioner from issuing a commitment to insure and
6 insuring a mortgage pursuant thereto where the mort-
7 gager is not the owner and occupant and the property is
8 to be built for sale and the insured mortgage financing is
9 required to facilitate the construction of the dwelling and
10 provide financing pending the subsequent sale thereof
11 to a qualified owner-occupant, and in such instances the
12 mortgage shall not exceed 85 per centum of the ap-
13 praised value; or

14 “(3) if executed by a mortgagor which is a non-
15 profit corporation or association or other acceptable non-
16 profit organization, regulated or supervised under Fed-
17 eral or State laws or by political subdivisions of State
18 or agencies thereof, as to rents, charges, and method of
19 operation, in such form and in such manner as, in the
20 opinion of the Commissioner, will effectuate the purposes
21 of this section, the mortgage may involve a principal
22 obligation not in excess of \$5,000,000; and not in excess
23 of \$7,000 per family unit for such part of such prop-
24 erty or project as may be attributable to dwelling use,
25 and not in excess of 100 per centum of the Commis-

1 sioner's estimate of the value of the property or project
2 when repaired and rehabilitated for use as rental accom-
3 modations for ten or more families eligible for occupancy
4 as provided in this section; and

5 “(4) provide for complete amortization by periodic
6 payments within such terms as the Commissioner may
7 prescribe, but not to exceed forty years from the date
8 of insurance of the mortgage; bear interest (exclusive
9 of premium charges for insurance and service charge, if
10 any) at not to exceed 5 per centum per annum on
11 the amount of the principal obligation outstanding at
12 any time; or not to exceed such per centum per annum
13 not in excess of 6 per centum as the Commissioner finds
14 necessary to meet the mortgage market; and contain
15 such terms and provisions with respect to the applica-
16 tion of the mortgagor's periodic payment to amortiza-
17 tion of the principal of the mortgage, insurance, re-
18 pairs, alterations, payment of taxes, default reserves,
19 delinquency charges, foreclosure proceedings, anticipa-
20 tion of maturity, additional and secondary liens, and
21 other matters as the Commissioner may in his discretion
22 prescribe.

23 “(e) The Commissioner may at any time, under such
24 terms and conditions as he may prescribe, consent to the
25 release of the mortgagor from his liability under the mortgage

1 or the credit instrument secured thereby, or consent to the
 2 release of parts of the mortgaged property from the lien
 3 of the mortgage.

4 “(f) The property or project shall comply with such
 5 standards and conditions as the Commissioner may prescribe
 6 to establish the acceptability of such property for mortgage
 7 insurance.

8 “(g) The mortgagee shall be entitled to receive the
 9 benefits of the insurance as hereinafter provided—

10 ~~(1)~~ as to mortgages meeting the requirements of
 11 paragraph ~~(2)~~ of subsection ~~(d)~~ of this section, as
 12 provided in section 204 ~~(a)~~ of this Act with respect to
 13 mortgages insured under section 203; and the provisions
 14 of subsections ~~(b)~~, ~~(c)~~, ~~(d)~~, ~~(e)~~, ~~(f)~~, ~~(g)~~, and ~~(h)~~
 15 of section 204 of this Act shall be applicable to such
 16 mortgages insured under this section, except that all
 17 references therein to the Mutual Mortgage Insurance
 18 Fund or the Fund shall be construed to refer to the
 19 Section 221 Housing Insurance Fund and all references
 20 therein to section 203 shall be construed to refer to this
 21 section; or

22 “~~(2)~~ as to mortgages meeting the requirements of
 23 paragraph ~~(3)~~ of subsection ~~(d)~~ of this section, as
 24 provided in section 207 ~~(g)~~ of this Act with respect to
 25 mortgages insured under said section 207, and the pro-

visions of subsections ~~(h)~~, ~~(i)~~, ~~(j)~~, ~~(k)~~, and ~~(l)~~ of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or

“(3) in the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage

1 which was unpaid on the date of the assignment, plus
2 accrued interest to such date. Debentures issued pur-
3 suant to this paragraph (3) shall be issued in the same
4 manner and subject to the same terms and conditions
5 as debentures issued under paragraph (1) of this sub-
6 section, except that the debentures issued pursuant to
7 this paragraph (3) shall be dated as of the date the
8 mortgage is assigned to the Commissioner, and shall
9 bear interest from such date at the going Federal rate
10 determined at the time of issuance. The term "going
11 Federal rate" as used herein means the annual rate
12 of interest which the Secretary of the Treasury shall
13 specify as applicable to the six-month period (consisting
14 of January through June or July through December)
15 which includes the issuance date of such debentures,
16 which applicable rate for each such six-month period
17 shall be determined by the Secretary of the Treasury
18 by estimating the average yield to maturity, on the
19 basis of daily closing market bid quotations or prices
20 during the month of May or the month of November, as
21 the case may be, next preceding such six-month period,
22 on all outstanding marketable obligations of the United
23 States having a maturity date of eight to twelve years
24 from the first day of such month of May or November,
25 and by adjusting such estimated average annual yield

1 to the nearest one-eighth of 1 per centum. The Com-
2 missioner shall have the same authority with respect to
3 mortgages assigned to him under this paragraph as con-
4 tained in section 207 ~~(k)~~ and section 207 ~~(l)~~ as to
5 mortgages insured by the Commissioner and assigned to
6 him under section 207 of this Act.

7 “~~(h)~~ There is hereby created a Section 221 Housing
8 Insurance Fund which shall be used by the Commissioner
9 as a revolving fund for carrying out the provisions of this
10 section, and the Commissioner is hereby authorized to
11 transfer to such Fund the sum of \$1,000,000 from the War
12 Housing Insurance Fund established pursuant to the pro-
13 visions of section 602 of this Act. General expenses of op-
14 eration of the Federal Housing Administration under this
15 section may be charged to the Section 221 Housing Insurance
16 Fund.

17 “Moneys in the Section 221 Housing Insurance Fund
18 not needed for the current operations of the Federal Housing
19 Administration under this section shall be deposited with
20 the Treasurer of the United States to the credit of such fund,
21 or invested in bonds or other obligations of, or in bonds or
22 other obligations guaranteed as to principal and interest by,
23 the United States. The Commissioner may, with the ap-
24 proval of the Secretary of the Treasury, purchase in the open
25 market debentures issued under the provisions of this section.

1 Such purchases shall be made at a price which will provide
 2 an investment yield of not less than the yield obtainable from
 3 other investments authorized by this section. Debentures
 4 so purchased shall be canceled and not reissued.

5 "Premium charges, adjusted premium charges, and ap-
 6 praisal and other fees received on account of the insurance
 7 of any mortgage accepted for insurance under this section;
 8 the receipts derived from the property covered by such mort-
 9 gage and claims assigned to the Commissioner in connection
 10 therewith shall be credited to the Section 221 Housing
 11 Insurance Fund. The principal of, and interest paid and to
 12 be paid on debentures issued under this section, cash adjust-
 13 ments, and expenses incurred in the handling, management,
 14 renovation, and disposal of properties acquired under this
 15 section shall be charged to such Fund."

16 SEC. 124. Title II of said Act, as amended, is hereby
 17 further amended by adding at the end thereof the following
 18 new section to transfer to title II the mortgage insurance
 19 program in connection with the sale of certain publicly-
 20 owned property as contained in section 610 of title VI; the
 21 insurance of mortgages to refinance existing loans insured
 22 under section 608 of title VI and sections 903 and 908 of
 23 title IX; and to authorize the insurance under title II of
 24 mortgages assigned to the Commissioner under insurance

1 contracts and mortgages held by the Commissioner in con-
2 nection with the sale of property acquired under insurance
3 contracts:

4 “MISCELLANEOUS HOUSING INSURANCE

5 “SEC. 222. (a) Notwithstanding any of the provisions
6 of this title, and without regard to limitations upon eligibility
7 contained in section 203 or section 207, the Commissioner is
8 authorized, upon application by the mortgagee, to insure or
9 make commitments to insure under section 203 or section
10 207 of this title any mortgage—

11 (1) executed in connection with the sale by the
12 Government, or any agency or official thereof, of any
13 housing acquired or constructed under Public Law 849,
14 Seventy-sixth Congress, as amended; Public Law 781,
15 Seventy-sixth Congress, as amended; or Public Laws 9,
16 73, or 353, Seventy-seventh Congress, as amended (in-
17 cluding any property acquired, held, or constructed in
18 connection with such housing or to serve the inhabitants
19 thereof); or

20 (2) executed in connection with the sale by the
21 Public Housing Administration, or by any public hous-
22 ing agency with the approval of the said Administration,
23 of any housing (including any property acquired, held, or
24 constructed in connection with such housing or to serve

1 the inhabitants thereof) owned or financially assisted
2 pursuant to the provisions of Public Law 671, Seventy-
3 sixth Congress; or

4 (3) executed in connection with the sale by the
5 Government, or any agency or official thereof, of any of
6 the so-called Greenbelt towns, or parts thereof, including
7 projects, or parts thereof, known as Greenhills, Ohio;
8 Greenbelt, Maryland; and Greendale, Wisconsin, devel-
9 oped under the Emergency Relief Appropriation Act of
10 1935, or of any of the village properties under the juris-
11 diction of the Tennessee Valley Authority; or

12 (4) executed in connection with the sale by a State
13 or municipality, or an agency, instrumentality, or politi-
14 cal subdivision of either, of a project consisting of any
15 permanent housing (including any property acquired,
16 held, or constructed in connection therewith or to serve
17 the inhabitants thereof), constructed by or on behalf of
18 such State, municipality, agency, instrumentality, or
19 political subdivision, for the occupancy of veterans of
20 World War II, or Korean veterans, their families, and
21 others; or

22 (5) executed in connection with the first resale,
23 within two years from the date of its acquisition from the
24 Government, of any portion of a project or property of

1 the character described in paragraphs ~~(1)~~, ~~(2)~~, and
2 ~~(3)~~ above; or

3 ~~(6)~~ given to refinance an existing mortgage in-
4 sured under section 608 of title VI prior to the effective
5 date of the Housing Act of 1954 or under section 903
6 or section 908 of title IX: *Provided*, That the principal
7 amount of any such refinancing mortgage shall not ex-
8 ceed the original principal amount or the unexpired
9 term of such existing mortgage and shall bear interest
10 at a rate not in excess of the maximum rate applicable
11 to loans insured under section 203 or section 207, as the
12 case may be, except that in any case involving the re-
13 financing of a loan insured under section 608 or 908 in
14 which the Commissioner determines that the insurance
15 of a mortgage for an additional term will inure to the
16 benefit of the applicable insurance fund, taking into con-
17 sideration the outstanding insurance liability under the
18 existing insured mortgage, such refinancing mortgage
19 may have a term not more than twelve years in excess
20 of the unexpired term of such existing insured mortgage:
21 *Provided*, That a mortgage of the character described
22 in paragraph ~~(1)~~, ~~(2)~~, ~~(3)~~, ~~(4)~~, or ~~(5)~~ shall have
23 a maturity satisfactory to the Commissioner, but not to
24 exceed the maximum term applicable to loans insured
25 under section 203 or section 207, as the case may be,

and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be.

“(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II.”

SEC. 125. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

“INTEREST RATES AND MORTGAGE TERMS

“SEC. 223. The Commissioner shall make such rules and regulations in connection with his functions under this Act as may be necessary to carry out limitations relating thereto established by the President pursuant to the authority vested in him by section 201 of the Housing Act of 1954.

1 “OPEN-END MORTGAGES

2 “SEC. 224 Notwithstanding any other provisions of
3 this Act, in connection with any mortgage insured pursuant
4 to any section of this Act which covers a property upon
5 which there is located a dwelling designed principally for
6 residential use for not more than four families in the aggregate,
7 the Commissioner is authorized, upon such terms and
8 conditions as he may prescribe, to insure under said section
9 the amount of any advance for the improvement or repair
10 of such property made to the mortgagor pursuant to an ‘open-
11 end’ provision in the mortgage, and to add the amount of such
12 advance to the original principal obligation in determining
13 the value of the mortgage for the purpose of computing the
14 amounts of debentures and certificate of claim to which the
15 mortgagee may be entitled: *Provided*, That the Commissioner
16 may require the payment of such charges, including
17 charges in lieu of insurance premiums, as he may consider
18 appropriate for the insurance of such ‘open-end’ advances:
19 *And provided further*, That the insurance of ‘open-end’
20 advances shall not be taken into account in determining the
21 aggregate amount of principal obligations of mortgages which
22 may be insured under this Act.”

1 ADDITIONAL AMENDMENTS RELATING TO FEDERAL
2 HOUSING ADMINISTRATION

3 SEC. 126. Title VI of said Act, as amended, is hereby
4 amended by adding the following new section at the end
5 thereof:

6 “SEC. 612. Notwithstanding any other provision of this
7 title, no mortgage or loan shall be insured under any section
8 of this title after the effective date of the Housing Act of
9 1954 except pursuant to a commitment to insure issued on
10 or before such date.”

11 “SEC. 127. Title VII of said Act, as amended, is hereby
12 repealed. The Housing Investment Insurance Fund estab-
13 lished to carry out the purposes of said title shall be
14 terminated as of the effective date of the Housing Act
15 of 1954, at which time all of the remaining assets of such
16 Fund, shall be transferred to the National Defense Hous-
17 ing Insurance Fund. The amount remaining of funds appro-
18 priated to the Secretary of the Treasury by the Supplemental
19 Appropriation Act, 1949 (Public Law 904, Eightieth Con-
20 gress), to be made available to the said Housing Investment
21 Insurance Fund shall be carried to the surplus fund of the
22 Treasury.

1 “SEC. 128. Section 803 (a) of said Act, as amended, is
2 amended by striking out “July 1, 1954” and substituting
3 therefor “June 30, 1955”.

4 SEC. 129. Section 104 of the Defense Housing and Com-
5 munity Facilities and Services Act of 1951, as amended, is
6 hereby amended by striking out the material within the
7 parentheses in clause (a) and substituting therefore “except
8 pursuant to a commitment to insure issued on or before
9 such date”.

10 TITLE II—HOME MORTGAGE INTEREST RATES
11 AND TERMS

12 SEC. 201. On the basis of reviews, which shall be made
13 from time to time at the request of the President by officers
14 of the Federal Government designated by him, of conditions
15 affecting the mortgage investment market (including current
16 market yields on comparable investments such as long-term
17 obligations of the United States and of States and munici-
18 palities and long-term corporate bonds), and after taking
19 into consideration conditions in the building industry and the
20 national economy, the President is hereby authorized, with-
21 out regard to any other provision of law except provisions
22 hereafter enacted expressly in limitation hereof, to estab-
23 lish from time to time—

24 (1) the maximum rates of interest (exclusive of
25 premium charges for insurance and service charges, if

any) for various classifications of residential mortgage loans insured or guaranteed or made under the National Housing Act, as amended, or the Servicemen's Readjustment Act of 1944, as amended: *Provided*, That no such maximum rate of interest shall, at the time established by the President, exceed $2\frac{1}{2}$ per centum plus the annual rate of interest determined by the Secretary of the Treasury, at the request of the President, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such maximum rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum;

(2) the maximum financing charges for various classifications of loans as to which financial institutions are insured against losses under title I of the National Housing Act, as amended;

(3) the rate of interest for debentures issued under the National Housing Act, as amended, in connection with defaults upon mortgages insured thereunder: *Provided*, That no such rate shall, at the time established by

1 the President, exceed the annual rate of interest deter-
2 mined by the Secretary of the Treasury in the manner
3 set forth in number clause (1) of this section;

4 (4) the maximum fees and charges permitted to
5 cover the costs of the origination of, including the costs
6 of supervision of non-Government assisted construction
7 loan disbursements in connection with, residential mort-
8 gage loans insured or guaranteed under the National
9 Housing Act, as amended, or the Servicemen's Read-
10 justment Act of 1944, as amended, and the maximum
11 special service charges, if any, permitted in connection
12 with those mortgages insured under section 203 of said
13 National Housing Act for which such special service
14 charges may be found to be appropriate by the Presi-
15 dent on the basis of the low original principal amounts of
16 the mortgages or on the basis of other factors impeding
17 an adequate flow of credit for the type of housing in-
18 volved and in connection with mortgages insured under
19 sections 220 or 221 of the National Housing Act, as
20 amended; and

21 (5) the maximum ratios of loan to value and the
22 maximum maturities with respect to residential mort-
23 gage loans eligible for assistance under the National
24 Housing Act, as amended, or the Servicemen's Read-
25 justment Act of 1944, as amended, and the maximum

dollar amount limitation per room or per family unit with respect to such mortgage loans eligible for assistance under the National Housing Act, as amended: *Provided*, That no such maximum ratio of loan to value and no such maximum dollar amount limitation in the case of mortgages insured under the National Housing Act, as amended, shall be in excess of the applicable maximum ratio of loan to value or the applicable maximum dollar amount limitation per room or per family unit prescribed by that Act, and no such maximum maturity shall be in excess of the applicable maximum maturity prescribed by the National Housing Act, as amended, or the Servicemen's Readjustment Act of 1944, as amended: *And provided further*, That no action by the President pursuant to this section shall apply with respect to loans made, or loans with respect to which a contract of insurance or guaranty or a firm commitment to insure or guarantee has been entered into, under the National Housing Act, as amended, or the Servicemen's Readjustment Act of 1944, as amended, prior to such action.

SEC. 202. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended by adding the following new section at the end of title III:

"SEC. 515. With respect to mortgage loans for the pur-

chase or construction of residential property (not including farm homes) guaranteed, insured, or made pursuant to this title, the Administrator shall make such rules and regulations concerning (1) maximum rates of interest for such residential mortgage loans, (2) maximum ratios of loan to value and maximum maturities with respect to such residential mortgage loans, and (3) maximum fees and charges permitted to cover the costs of the origination of, and of the supervision of construction loan disbursements in connection with, such residential mortgage loans as may be necessary to carry out limitations relating thereto established by the President pursuant to the authority vested in him by section 201 of the Housing Act of 1954."

SEC. 203. Section 504 of the Housing Act of 1950, as amended, is hereby repealed.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. Title III of the National Housing Act, as amended, is hereby amended to read as follows:

"TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

"PURPOSES

"SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide

1 that the operations of such facility shall be financed by
2 private capital to the maximum extent feasible; and to
3 authorize such facility to—

4 “(a) provide supplementary assistance to the sec-
5 ondary market for home mortgages by providing a
6 degree of liquidity for mortgage investments, thereby
7 improving the distribution of investment capital avail-
8 able for home mortgage financing;

9 “(b) provide special assistance (when, and to the
10 extent that, the President has determined that it is in
11 the public interest) for the financing of (1) selected
12 types of home mortgages (pending the establishment of
13 their marketability) originated under special housing
14 programs designed to provide housing of acceptable
15 standards at full economic costs for segments of the
16 national population which are unable to obtain adequate
17 housing under established home financing programs; and
18 (2) home mortgages generally as a means of retarding
19 or stopping a decline in mortgage lending and home
20 building activities which threatens materially the sta-
21 bility of a high level national economy; and

22 “(c) manage and liquidate the existing mortgage
23 portfolio of the Federal National Mortgage Association
24 in an orderly manner, with a minimum of adverse effect

1 upon the home mortgage market and minimum loss to
2 the Federal Government.

3 “CREATION OF ASSOCIATION

4 “SEC. 302. (a) There is hereby create a body corpo-
5 rate to be known as the ‘Federal National Mortgage Asso-
6 ciation’ (hereinafter referred to as the ‘Association’), which
7 shall be a constituent agency of the Housing and Home
8 Finance Agency. The Association shall have succession
9 until dissolved by Act of Congress. It shall maintain its
10 principal office in the District of Columbia and shall be
11 deemed, for purposes of venue in civil actions, to be a resi-
12 dent thereof. Agencies or offices may be established by the
13 Association in such other place or places as it may deem nec-
14 essary or appropriate in the conduct of its business.

15 “(b) For the purposes set forth in section 301 and
16 subject to the limitations and restrictions of this title, the
17 Association is authorized to make commitments to purchase
18 and to purchase, service, or sell, any residential or home
19 mortgages (or participations therein) which are insured
20 under this Act, as amended, or which are insured or guar-
21 anteed under the Servicemen’s Readjustment Act of 1944,
22 as amended: *Provided*, That (1) no mortgage may be pur-
23 chased at a price exceeding 100 per centum of the unpaid
24 principal amount thereof at the time of purchase, with ad-
25 justments for interest and any comparable items; and (2)

1 the Association may not purchase any mortgage if ~~(i)~~ it is
2 offered by, or covers property held by, a Federal, State,
3 territorial, or municipal instrumentality or ~~(ii)~~ the original
4 principal obligation thereof exceeds or exceeded \$12,500
5 for each family residence or dwelling unit covered by the
6 mortgage.

7 "CAPITALIZATION

8 "SEC. 303. ~~(a)~~ The Association shall have nonvoting
9 capital stock, to which the Secretary of the Treasury initially
10 shall subscribe as provided in subsections ~~(d)~~ and ~~(e)~~ of
11 this section. The stock of the Association shall have a par
12 value of \$100 per share, and shall not be transferable ex-
13 cept on the books of the Association. At the option of the
14 Association such stock shall be retireable at par value at any
15 time, except that retirements of stock ~~(other than stock~~
16 ~~held by the Secretary of the Treasury)~~ shall not be made if,
17 as a consequence thereof, the amount remaining outstand-
18 ing would be less than \$100,000,000. With respect to such
19 stock held by him, the Secretary of the Treasury shall be
20 entitled to cumulative dividends for each fiscal year until
21 such stock is retired, at rates determined by him at the be-
22 ginning of each such fiscal year, taking into consideration the
23 current average interest rate on outstanding marketable
24 obligations of the United States as of the last day of the
25 preceding fiscal year. The Secretary of the Treasury shall

1 permit the retirement of the stock held by him in the manner
2 provided in this section. Funds of the capital surplus and
3 the general surplus accounts of the Association shall be
4 available to retire the capital stock held by the Secretary
5 of the Treasury as rapidly as the Association shall deem
6 feasible.

7 “(b) The Association shall accumulate funds for its
8 capital surplus account from private sources by requiring
9 each mortgage seller to make payments of nonrefundable
10 capital contributions equal to not less than 3 per centum of
11 the unpaid principal amount of mortgages therein involved
12 in purchases or contracts for purchases between such seller
13 and the Association, or such greater percentage as may from
14 time to time be determined by the Association. In addition,
15 the Association may impose charges or fees for its services
16 with the objective that all costs and expenses of its operations
17 should be within its income derived from such operations
18 and that such operations should be fully self-supporting.
19 All earnings from the operations of the Association shall
20 annually be transferred to its general surplus account. At
21 any time, funds of the general surplus account may, in the
22 discretion of the board of directors, be transferred to reserves.
23 All dividends shall be charged against the general surplus
24 account. This subsection (b) shall not apply to the special
25 assistance functions of the Association under section 305 of

1 this title or to the management and liquidating functions of
2 the Association under section 306 of this title.

3 “(c)—Until such time as all of the stock held by the Sec-
4 retary of the Treasury has been retired, the Association shall
5 issue, from time to time, to each mortgage seller its converti-
6 ble certificates (only in denominations of \$100 or multiples
7 thereof) evidencing any capital contributions made by such
8 seller pursuant to subsection (b) of this section, which
9 certificates shall not be transferable except on the books of
10 the Association. Subject to such terms and conditions as
11 may be prescribed by the board of directors, such certificates
12 shall be convertible into capital stock of the Association hav-
13 ing an equal par value, but no such conversion shall be per-
14 mitted or made until such time as all of the outstanding capi-
15 tal stock of the Association held by the Secretary of the
16 Treasury has been retired and the Secretary of the Treasury
17 does not hold any of the obligations of the Association pur-
18 chased under section 304 (c) of this title. After all of the
19 stock held by the Secretary of the Treasury has been retired,
20 the Association may effect the direct issuance of stock in lieu
21 of and in the same manner as is provided in this subsection
22 for the issuance of convertible certificates. Such dividends
23 as may be declared by the board of directors in its discretion
24 shall be paid by the Association to its stockholders, but in any

1 one fiscal year the general surplus account of the Association
2 shall not be reduced through the payment of dividends (other
3 than to the Secretary of the Treasury) which exceed in the
4 aggregate 5 per centum of the par value of the outstanding
5 stock of the Association.

6 “(d) Within sixty days following the effective date of
7 the Housing Act of 1954, as of the day following a cutoff
8 date to be determined by the Association, the Association is
9 authorized and directed to issue and deliver to the Secretary
10 of the Treasury, and the Secretary of the Treasury is au-
11 thorized and directed to accept capital stock of the Associa-
12 tion having an aggregate par value equal to the sum of (1)
13 the amount of \$21,000,000 (being the amount of the origi-
14 nal subscription for capital stock of \$20,000,000 and paid in
15 surplus of \$1,000,000 of the Association) and (2) an
16 amount equal to the Association's surplus, surplus reserves,
17 and undistributed earnings, computed as of the close of the
18 cutoff date.

19 “(e) The capital stock of the Association delivered to
20 the Secretary of the Treasury pursuant to subsection (d) of
21 this section shall be in exchange for (1) the note or notes
22 evidencing the aforesaid original \$21,000,000 (upon which
23 the accrued interest shall have been paid through the cutoff
24 date referred to in subsection (d) of this section); and (2)
25 the release to the Association of any and all rights or claims

1 which the United States might otherwise have or claim in
2 and to the Association's capital, surplus, surplus reserves, and
3 undistributed earnings, computed as of the close of the afore-
4 said cutoff date.

5 “(f) Notwithstanding any other provision of law, any
6 institution, including a national bank or State member bank
7 of the Federal Reserve System, trust company, or other
8 banking organization, organized under any law of the United
9 States, including the laws relating to the District of Columbia,
10 shall be authorized to make payments to the Association of
11 the nonrefundable capital contributions referred to in sub-
12 section (b) of this section, to receive stock or convertible
13 certificates of the Association evidencing such capital con-
14 tributions, and to hold or dispose of such stock or certificates,
15 subject to the provisions of this title.

16 “(g) As promptly as practicable after all of the capital
17 stock of the Association held by the Secretary of the Treasury
18 has been retired, the Housing and Home Finance Adminis-
19 trator shall transmit to the President for submission to the
20 Congress recommendations for such legislation as may be
21 necessary or desirable to make appropriate provisions to
22 transfer to the owners of the outstanding capital stock of the
23 Association the assets and liabilities of the Association in con-
24 nection with, and the control and management of, the second-
25 ary market operations of the Association under section 304

1 of this title in order that such operations may thereafter be
2 carried out by a privately owned and privately financed
3 corporation.

4 "SECONDARY MARKET OPERATIONS

5 "SEC. 304. (a) To carry out the purposes set forth in
6 paragraph (a) of section 301, the operations of the Asso-
7 ciation under this section shall be confined, so far as prac-
8 ticable, to mortgages which are deemed by the Association
9 to be of such quality, type, and class as to meet, generally,
10 the purchase standards imposed by private institutional mort-
11 gage investors. In the interest of assuring sound operation,
12 the prices to be paid by the Association for mortgages pur-
13 chased in its secondary market operations under this section,
14 should be established, from time to time, at or below the mar-
15 ket price for the particular class of mortgages involved, as
16 determined by the Association. The volume of the Asso-
17 ciation's purchases and sales, and the establishment of the
18 purchase prices, sale prices, and charges or fees, in its sec-
19 ondary market operations under this section, should be deter-
20 mined by the Association from time to time, and such de-
21 terminations should be consistent with the objectives that
22 such purchases and sales should be effected only at such
23 prices and on such terms as will reasonably prevent excessive
24 use of the Association's facilities, and that the operations of
25 the Association under this section should be within its in-

1 come derived from such operations and that such operations
2 should be fully self-supporting.

3 “(b) For the purposes of this section, the Association
4 is authorized to issue, upon the approval of the Secretary of
5 the Treasury, and have outstanding at any one time obliga-
6 tions in an aggregate amount sufficient to enable it to carry
7 out its functions under this section, such obligations to have
8 such maturities and to bear such rate or rates of interest as
9 may be determined by the Association with the approval of
10 the Secretary of the Treasury, and to be redeemable at the
11 option of the Association before maturity in such manner
12 as may be stipulated in such obligations; but the aggregate
13 amount of obligations of the Association under this sub-
14 section outstanding at any one time shall not exceed ten times
15 the sum of its capital, capital surplus, general surplus, re-
16 serves, and undistributed earnings, and in no event shall any
17 such obligations be issued if, at the time of such proposed
18 issuance, and as a consequence thereof, the resulting aggre-
19 gate amount of its outstanding obligations under this sub-
20 section would exceed the amount of the Association’s owner-
21 ship pursuant to this section, free from any liens or encum-
22 brances, of cash, mortgages, and bonds or other obligations
23 of, or bonds or other obligations guaranteed as to principal
24 and interest by, the United States. The Association shall
25 insert appropriate language in all of its obligations issued

1 under this subsection clearly indicating that such obligations,
2 together with the interest thereon, are not guaranteed by
3 the United States and do not constitute a debt or obligation
4 of the United States or of any agency or instrumentality
5 thereof other than the Association. The Association is
6 authorized to purchase in the open market any of its obli-
7 gations outstanding under this subsection at any time and
8 at any price.

9 “(c) The Secretary of the Treasury is authorized in
10 his discretion to purchase any obligations issued pursuant
11 to subsection (b) of this section, as now or hereafter in force,
12 and for such purpose the Secretary of the Treasury is au-
13 thorized to use as a public debt transaction the proceeds of
14 the sale of any securities hereafter issued under the Second
15 Liberty Bond Act, as now or hereafter in force, and the pur-
16 poses for which securities may be issued under the Second
17 Liberty Bond Act, as now or hereafter in force, are ex-
18 tended to include such purchases. The Secretary of the
19 Treasury shall not at any time purchase any obligations
20 under this subsection if (1) all of the capital stock of the
21 Association held by the Secretary of the Treasury has been
22 retired, or (2) such purchase would increase the aggregate
23 principal amount of his then outstanding holdings of such
24 obligations under this subsection to an amount greater than
25 \$500,000,000 plus an amount equal to the total of such

1 reductions in the maximum dollar amount prescribed by
2 section 306 (e) as have theretofore been effected pursuant
3 to that section: *Provided*, That such aggregate principal
4 amount under this subsection (e) shall in no event exceed
5 \$1,000,000,000. Each purchase of obligations by the Sec-
6 retary of the Treasury under this subsection shall be upon
7 such terms and conditions as to yield a return at a rate
8 determined by the Secretary of the Treasury, taking into
9 consideration the current average rate on outstanding market-
10 able obligations of the United States as of the last day of
11 the month preceeding the making of such purchase. The Sec-
12 retary of the Treasury may, at any time, sell, upon such
13 terms and conditions and at such price or prices as he shall
14 determine, any of the obligations acquired by him under
15 this subsection. All redemptions, purchases, and sales by
16 the Secretary of the Treasury of such obligations under this
17 subsection shall be treated as public debt transactions of the
18 United States.

19 “(d) The Association may not purchase participations
20 or make any advance contracts or commitments to purchase
21 mortgages for its operations under this section, except that
22 the Association may, in the discretion of its board of directors,
23 issue a purchase contract (which shall not be assignable or
24 transferable except with the consent of the Association) in
25 an amount not exceeding the amount of the sale of mortgages

1 purchased from the Association, entitling the holder thereof
2 to sell to the Association mortgages in the amount of the
3 contract, upon such terms and conditions as the Association
4 may prescribe.

5 "SPECIAL ASSISTANCE FUNCTIONS

6 "SEC. 305. (a) To carry out the purposes set forth in
7 paragraph (b) of section 304, the President, after taking
8 into account (1) the conditions in the building industry and
9 the national economy and (2) conditions affecting the home
10 mortgage investment market, generally, or affecting various
11 types or classification of home mortgages, or both, and
12 after determining that such action is in the public interest,
13 may under this section authorize the Association, for such
14 period of time and to such extent as he shall prescribe, to
15 exercise its powers to make commitments to purchase and
16 to purchase such types, classes, or categories of home mort-
17 gages (including participations therein) as he shall
18 determine.

19 "(b) The operations of the Association under this sec-
20 tion shall be confined, so far as practicable, to mortgages
21 (including participations) which are deemed by the Asso-
22 ciation to be of such quality as to meet, substantially and
23 generally, the purchase standards imposed by private insti-
24 tutional mortgage investors but which, at the time of sub-
25 mission of the mortgages to the Association for purchase, are

1 not necessarily readily acceptable to such investors. Sub-
2 ject to the provisions of this section, the prices to be paid
3 by the Association for mortgages purchased in its opera-
4 tions under this section shall be established from time to
5 time by the Association. The Association shall impose
6 charges or fees for its services under this section with the
7 objective that all costs and expenses of its operations under
8 this section should be within its income derived from such
9 operations and that such operations should be fully self-
10 supporting.

11 “(e) The total amount of purchases and commitments
12 authorized by the President pursuant to subsection (a) of
13 this section shall not exceed \$200,000,000 outstanding at
14 any one time: *Provided*, That, notwithstanding such limi-
15 tation, the President pursuant to subsection (a) of this
16 section may also authorize the Association to exercise its
17 powers to enter into commitments to purchase immediate
18 participations and to make related deferred participation
19 agreements as hereinafter in this subsection provided, but
20 only to the extent that the total amount of such immediate
21 participation commitments and purchases pursuant thereto
22 (but not including the amount of any related deferred par-
23 ticipation agreements or purchases pursuant thereto) shall
24 not in any event exceed \$100,000,000 outstanding at any
25 one time, and any such deferred participation agreements

1 shall be made by the Association only on the basis of a
2 commitment by it to purchase an immediate participation
3 of a 20 per centum undivided interest in each mortgage and
4 a related deferred participation agreement by the Asso-
5 ciation to purchase the remaining outstanding interest in
6 such mortgage conditional upon the occurrence of such a
7 default as gives rise to the right to foreclose.

8 “(d) The Association may issue to the Secretary of
9 the Treasury its obligations in an amount outstanding at any
10 one time sufficient to enable the Association to carry out
11 its functions under this section; such obligations to mature
12 not more than five years from their respective dates of issue;
13 to be redeemable at the option of the Association before
14 maturity in such manner as may be stipulated in such obli-
15 gations. Each such obligation shall bear interest at a rate
16 determined by the Secretary of the Treasury, taking into
17 consideration the current average rate on outstanding mar-
18 ketable obligations of the United States as of the last day
19 of the month preceding the issuance of the obligation of the
20 Association. The Secretary of the Treasury is authorized to
21 purchase any obligations of the Association to be issued under
22 this section; and for such purpose the Secretary of the Treas-
23 ury is authorized to use as a public debt transaction the
24 proceeds from the sale of any securities issued under the
25 Second Liberty Bond Act, as now or hereafter in force, and

1 the purposes for which securities may be issued under the
2 Second Liberty Bond Act, as now or hereafter in force, are
3 extended to include any purchases of the Association's
4 obligations hereunder.

5 ~~“MANAGEMENT AND LIQUIDATING FUNCTIONS~~

6 ~~“SEC. 306. (a)~~ To carry out the purposes set forth in
7 paragraph ~~(e)~~ of section 301, the Association is authorized
8 and directed, as of the close of the cutoff date determined
9 by the Association pursuant to section 303 ~~(d)~~ of this title,
10 to establish separate accountability for all of its assets and
11 liabilities ~~(exclusive of capital, surplus, surplus reserves, and~~
12 ~~undistributed earnings to be evidenced by capital stock as~~
13 ~~provided in section 303 (d) hereof, but inclusive of all rights~~
14 ~~and obligations under any outstanding contracts)~~, and to
15 maintain such separate accountability for the management
16 and orderly liquidation of such assets and liabilities as pro-
17 vided in this section.

18 ~~“(b)~~ For the purposes of this section and to assure that,
19 to the maximum extent, and as rapidly as possible, private
20 financing will be substituted for Treasury borrowings other-
21 wise required to carry mortgages held under the aforesaid
22 separate accountability, the Association is authorized to issue,
23 upon the approval of the Secretary of the Treasury, and have
24 outstanding at any one time obligations in an aggregate
25 amount sufficient to enable it to carry out its functions under

1 this section; such obligations to have such maturities and to
2 bear such rate or rates of interest as may be determined by
3 the Association with the approval of the Secretary of the
4 Treasury; and to be redeemable at the option of the Associa-
5 tion before maturity in such manner as may be stipulated in
6 such obligations; but in no event shall any such obligations be
7 issued if, at the time of such proposed issuance, and as a
8 consequence thereof, the resulting aggregate amount of its
9 outstanding obligations under this subsection would exceed
10 the amount of the Association's ownership under the afore-
11 said separate accountability, free from any liens or encum-
12 brances, of cash, mortgages, and bonds or other obligations
13 of, or bonds or other obligations guaranteed as to principal
14 and interest by, the United States. The proceeds of any
15 private financing effected under this subsection shall be
16 paid to the Secretary of the Treasury in reduction of
17 the indebtedness of the Association to the Secretary of the
18 Treasury under the aforesaid separate accountability. The
19 Association shall insert appropriate language in all of its
20 obligations issued under this subsection clearly indicating
21 that such obligations, together with the interest thereon, are
22 not guaranteed by the United States and do not constitute
23 a debt or obligation of the United States or of any agency
24 or instrumentality thereof other than the Association. The
25 Association is authorized to purchase in the open market any

1 of its obligations outstanding under this subsection at any
2 time and at any price.

3 “(c) No mortgage shall be purchased by the Associa-
4 tion in its operations under this section except pursuant
5 to and in accordance with the terms of a contract or commit-
6 ment to purchase the same made prior to the cutoff date
7 provided for in section 303 (d); which contract or commit-
8 ment became a part of the aforesaid separate accountability;
9 and the total amount of mortgages and commitments held by
10 the Association under this section shall not, in any event,
11 exceed \$3,350,000,000: *Provided*, That such maximum
12 amount shall be progressively reduced by the amount of
13 cash realizations on account of principal of mortgages held
14 under the aforesaid separate accountability and by cancella-
15 tion of any commitments to purchase mortgages thereunder;
16 as reflected by the books of the Association; with the objective
17 that the entire aforesaid maximum amount shall be eliminated
18 with the orderly liquidation of all mortgages held under the
19 aforesaid separate accountability: *And provided further*,
20 That nothing in this subsection shall preclude the Association
21 from granting such usual and customary increases in the
22 amounts of outstanding commitments (resulting from in-
23 creased costs or otherwise) as have theretofore been covered
24 by like increases in commitments granted by the agencies of
25 the Federal Government insuring or guaranteeing the mort-

1 gages. There shall be excluded from the total amounts set
2 forth in this subsection and subsection ~~(e)~~ of this section
3 the amounts of any mortgages otherwise transferred by law
4 to the Association and held under the aforesaid separate
5 accountability.

6 “~~(d)~~ The Association may issue to the Secretary of the
7 Treasury its obligations in an amount outstanding at any
8 one time sufficient to enable the Association to carry out its
9 functions under this section; such obligations to mature not
10 more than five years from their respective dates of issue, to
11 be redeemable at the option of the Association before ma-
12 turity in such manner as may be stipulated in such obliga-
13 tions. Each such obligation shall bear interest at a rate
14 determined by the Secretary of the Treasury, taking into
15 consideration the current average rate on outstanding mar-
16 ketable obligations of the United States as of the last day of
17 the month preceding the issuance of the obligation of the
18 Association. The Secretary of the Treasury is authorized to
19 purchase any obligations of the Association to be issued
20 under this section, and for such purpose the Secretary of the
21 Treasury is authorized to use as a public debt transaction
22 the proceeds from the sale of any securities issued under the
23 Second Liberty Bond Act, as now or hereafter in force, and
24 the purposes for which securities may be issued under the
25 Second Liberty Bond Act, as now or hereafter in force, are

1 extended to include any purchases of the Association's obliga-
 2 tions hereunder.

3 “(e) Of the \$3,650,000,000 total amount of invest-
 4 ments, loans, purchases, and commitments heretofore au-
 5 thorized to be outstanding at any one time under this title
 6 III prior to the enactment of the Housing Act of 1954, a
 7 total of not to exceed \$300,000,000 shall be applicable as
 8 provided in section 305 of this title, and a total of not to ex-
 9 ceed \$3,350,000,000 shall be applicable as provided in sub-
 10 section (e) of this section.

11 “SEPARATE ACCOUNTABILITY

12 “SEC. 307. The Association shall establish and at all
 13 times maintain separate accountability for (a) its secondary
 14 market operations authorized by section 304 hereof, (b) its
 15 special assistance functions authorized by section 305 hereof,
 16 and (c) its management and liquidating functions authorized
 17 by section 306 hereof.

18 “BOARD OF DIRECTORS

19 “SEC. 308. (a) The Association shall have a Board
 20 of Directors consisting of five persons, one of whom shall be
 21 the Housing and Home Finance Administrator as Chairman
 22 of the Board, and four of whom shall be appointed by said
 23 Administrator from among the officers or employees of
 24 the Association, of the immediate office of said Administrator,
 25 or (with the consent of the head of such department or

1 agency) of any other department or agency of the Federal
2 Government. The board of directors shall meet at the call
3 of its chairman, who shall require it to meet not less often
4 than once each month. Within the limitations of law, the
5 board shall determine the general policies which shall govern
6 the operations of the Association. The chairman of the
7 board shall select and effect the appointment of qualified per-
8 sons to fill the offices of president and vice president, and
9 such other offices as may be provided for in the bylaws, with
10 such executive functions, powers, and duties as may be pre-
11 scribed by the bylaws or by the board of directors, and
12 such persons shall be the executive officers of the Associa-
13 tion and shall discharge all such executive functions, powers,
14 and duties. The basic rate of compensation of the position
15 of president of the Association shall be the same as the basic
16 rate of compensation established for the heads of the con-
17 stituent agencies of the Housing and Home Finance Agency.
18 The members of the board, as such, shall not receive com-
19 pensation for their services.

20 "GENERAL POWERS

21 "SEC. 309. (a) The Association shall have power to
22 adopt, alter, and use a corporate seal, which shall be judi-
23 cially noticed; by its board of directors, to adopt, amend, and
24 repeal bylaws governing the performance of the powers and
25 duties granted to or imposed upon it by law; to enter into

1 and perform contracts, leases, cooperative agreements, or
2 other transactions, on such terms as it may deem appropriate,
3 with any agency or instrumentality of the United States,
4 or with any State, territory, or possession, or with any
5 political subdivision thereof, or with any person, firm, asso-
6 ciation, or corporation; to execute, in accordance with its
7 bylaws, all instruments necessary or appropriate in the
8 exercise of any of its powers; in its corporate name, to sue
9 and to be sued, and to complain and to defend, in any court
10 of competent jurisdiction, State or Federal, but no attach-
11 ment, injunction, or other similar process, mesne or final,
12 shall be issued against the property of the Association or
13 against the Association with respect to its property; to con-
14 duct its business in any State of the United States, includ-
15 ing the District of Columbia and all territories and posses-
16 sions of the United States; to lease, purchase, or acquire any
17 property, real, personal, or mixed, or any interest therein,
18 to hold, rent, maintain, modernize, renovate, improve, use,
19 and operate such property, and to sell, for cash or credit,
20 lease, or otherwise dispose of the same, at such time and in
21 such manner as and to the extent that the Association may
22 deem necessary or appropriate; to prescribe, repeal, and
23 amend or modify, rules, regulations, or requirements govern-
24 ing the manner in which its general business may be con-

1 ducted; to accept gifts or donations of services, or of prop-
2 erty, real, personal, or mixed, tangible, or intangible, in aid
3 of any of the purposes of the Association; and to do all things
4 as are necessary or incidental to the proper management of
5 its affairs and the proper conduct of its business.

6 “(b) Except as may be otherwise provided in this title,
7 in the Government Corporation Control Act, or in other
8 laws specifically applicable to Government corporations, the
9 Association shall determine the necessity for and the char-
10 acter and amount of its obligations and expenditures and the
11 manner in which they shall be incurred, allowed, paid, and
12 accounted for, and such determinations shall be final and
13 conclusive upon all officers of the Government.

14 “(c) The Association, including its franchise, capital,
15 reserves, surplus, mortgages, and income shall be exempt
16 from all taxation now or hereafter imposed by the United
17 States, by any territory, dependency, or possession thereof,
18 or by any State, county, municipality, or local taxing author-
19 ity, except that (1) any real property of the Association
20 shall be subject to State, territorial, county, municipal, or
21 local taxation to the same extent according to its value as
22 other real property is taxed, and (2) the Association shall,
23 with respect to its secondary market operations under sec-
24 tion 304 after the cutoff date referred to in section 303 (d)-
25 of this title, pay annually to the Secretary of the Treasury,

1 for covering into miscellaneous receipts, an amount equiva-
2 lent to the amount of Federal income taxes for which it would
3 be subject if it were not exempt from such taxes with respect
4 to such secondary market operations.

5 “(d) The Chairman of the Board shall have power to
6 select and appoint or employ such officers, attorneys, em-
7 ployees, and agents, to vest them with such powers and
8 duties, and to fix and to cause the Association to pay such
9 compensation to them for their services, as he may deter-
10 mine, subject to the civil service and classification laws.
11 Bonds may be required for the faithful performance of their
12 duties, and the Association may pay the premiums therefor.
13 With the consent of any Government corporation or Federal
14 Reserve bank, or of any board, commission, independent
15 establishment, or executive department of the Government,
16 the Association may avail itself on a reimbursable basis of
17 the use of information, services, facilities, officers, and em-
18 ployees thereof, including any field service thereof, in carry-
19 ing out the provisions of this title.

20 “(e) No individual, association, partnership, or corpora-
21 tion, except the body corporate created by section 302 of
22 this title, shall hereafter use the words ‘Federal National
23 Mortgage Association’ or any combination of such words,
24 as the name or a part thereof under which he or it shall do
25 business. Every individual, partnership, association, or cor-

1 portion violating this prohibition shall be guilty of a mis-
2 demeanor and shall be punished by a fine of not exceeding
3 \$100 or imprisonment not exceeding thirty days, or both, for
4 each day during which such violation is committed or
5 repeated.

6 “(f) In order that the Association may be supplied with
7 such forms of obligations or certificates as it may need for
8 issuance under this title, the Secretary of the Treasury is
9 authorized, upon request of the Association, to prepare such
10 forms as shall be suitable and approved by the Association,
11 to be held in the Treasury subject to delivery, upon order
12 of the Association. The engraved plates, dies, bed pieces,
13 and other material executed in connection therewith shall
14 remain in the custody of the Secretary of the Treasury. The
15 Association shall reimburse the Secretary of the Treasury
16 for any expenses incurred in the preparation, custody, and
17 delivery of such forms.

18 “(g) The Federal Reserve banks are authorized and
19 directed to act as depositaries, custodians, and fiscal agents
20 for the Association in the general performance of its powers,
21 and the Association shall reimburse such Federal Reserve
22 banks for such services in such manner as may be agreed
23 upon.

1 “INVESTMENT OF FUNDS

2 “SEC. 310. Moneys of the Association not invested in
3 mortgages or in operating facilities shall be kept in cash
4 on hand or on deposit, or invested in bonds or other obliga-
5 tions of, or in bonds or other obligations guaranteed as to
6 principal and interest by, the United States.

7 “OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

8 “SEC. 311. All obligations issued by the Association
9 shall be lawful investments, and may be accepted as security
10 for all fiduciary, trust, and public funds, the investment or
11 deposit of which shall be under the authority and control of
12 the United States or any officer or officers thereof.

13 “SHORT TITLE

14 “SEC. 312. This title III may be referred to as the
15 ‘Federal National Mortgage Association Charter Act’.”

16 SEC. 302. The Federal National Mortgage Association,
17 established pursuant to the provisions of title III of the Na-
18 tional Housing Act as in effect prior to July 1, 1948, and
19 named in section 104 of the Government Corporation Control
20 Act, as amended, shall be the body corporate referred to in
21 section 302 of title III of the National Housing Act, as
22 amended by the Housing Act of 1954.

23 SEC. 303. The penultimate sentence of paragraph

1 Seventh of section 5136 of the Revised Statutes, as amended,
2 is hereby amended by striking “or obligations of national
3 mortgage associations” and inserting “or obligations of the
4 Federal National Mortgage Association”.

5 SEC. 304. (a) Subsection (h) of section 11 of the
6 Federal Home Loan Bank Act, as amended, is hereby
7 amended by inserting after “in obligations of the United
8 States” a comma and the following: “in obligations of the
9 Federal National Mortgage Association,”. The last sentence
10 of section 16 of said Act is amended by inserting after “in
11 direct obligations of the United States” a comma and the
12 following: “in obligations of the Federal National Mortgage
13 Association,”.

14 (b) The first paragraph of subsection (e) of section 5
15 of the Home Owners’ Loan Act of 1933, as amended, is
16 hereby amended by inserting in the second proviso before
17 the colon and after “Federal Home Loan Bank” the follow-
18 ing: “or in the obligations of the Federal National Mortgage
19 Association”.

20 SEC. 305. Subsection (b) of section 2 of the Alaska
21 Housing Act, as amended, is hereby repealed.

22 SEC. 306. Public Law 243, Eighty-second Congress, ap-
23 proved October 30, 1951, as amended, is hereby repealed.

~~TITLE IV—SLUM CLEARANCE AND URBAN
RENEWAL~~

SEC. 401. The heading of title I of the Housing Act of 1949, as amended, is hereby amended to read “TITLE I—~~SLUM CLEARANCE AND URBAN RENEWAL~~”.

SEC. 402. Title I of said Act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

~~“URBAN RENEWAL FUND~~

“SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the ‘Urban Renewal Fund’, and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.”

SEC. 403. Section 101 of said Act, as amended, is hereby amended to read as follows:

“SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give con-

1 sideration to the extent to which appropriate local public
2 bodies have undertaken positive programs (through the adop-
3 tion, modernization, administration, and enforcement of hous-
4 ing, zoning, building and other local laws, codes and regula-
5 tions relating to land use and adequate standards of health,
6 sanitation, and safety for buildings, including the use and
7 occupancy of dwellings) for (1) preventing the spread or
8 recurrence in the community of slums and blighted areas,
9 and (2) encouraging housing cost reductions through the
10 use of appropriate new materials, techniques, and methods in
11 land and residential planning, design, and construction, the
12 increase of efficiency in residential construction, and the
13 elimination of restrictive practices which unnecessarily in-
14 crease housing costs.

15 “(b) In the administration of this title, the Adminis-
16 trator shall encourage the operations of such local public
17 agencies as are established on a State, or regional (within a
18 State), or unified metropolitan basis or as are established on
19 such other basis as permits such agencies to contribute effec-
20 tively toward the solution of community development or
21 redevelopment problems on a State, or regional (within a
22 State), or unified metropolitan basis.

23 “(c) No contract shall be entered into for any loan or
24 capital grant under this title, or for annual contributions or
25 capital grants pursuant to the United States Housing Act of

1 1937, as amended, and no mortgage shall be insured, under
2 no commitment to insure a mortgage shall be issued, under
3 sections 220 or 221 of the National Housing Act, as amended,
4 unless (1) there is presented to the Administrator by the
5 locality a workable program (which shall include an official
6 plan of action, as it exists from time to time, for effectively
7 dealing with the problem of urban slums and blight within
8 the community and for the establishment and preservation
9 of a well-planned community with well-organized residential
10 neighborhoods of decent homes and suitable living environ-
11 ment for adequate family life) for utilizing appropriate private
12 and public resources to eliminate, and prevent the develop-
13 ment or spread of, slums and urban blight, to encourage
14 needed urban rehabilitation, to provide for the redevelopment
15 of blighted, deteriorated, or slum areas, or to undertake such
16 of the aforesaid activities or other feasible community activi-
17 ties as may be suitably employed to achieve the objectives of
18 such a program, and (2) on the basis of his review of such
19 program, the Administrator determines that such program is
20 satisfactory and certifies to the constituent agencies affected
21 that the Federal assistance may be made available in such
22 community.

23 “(d) The Administrator is authorized to establish facil-
24 ities (1) for furnishing to communities, at their request, an
25 urban renewal service to assist them in the preparation of a

1 workable program as referred to in the preceding subsection
2 and to provide them with technical and professional assist-
3 ance for planning and developing local urban renewal pro-
4 grams, and ~~(2)~~ for the assembly, analysis and reporting of
5 information pertaining to such programs.”

6 SEC. 404. Section 102 of said Act, as amended, is hereby
7 amended—

8 ~~(1)~~ by amending the first sentence in subsection
9 ~~(a)~~ to read as follows: “To assist local communities in
10 the elimination of slums and blighted or deteriorated or
11 deteriorating areas, in preventing the spread of slums,
12 blight or deterioration, and in providing maximum
13 opportunity for the redevelopment, rehabilitation, and
14 conservation of such areas by private enterprise, the Ad-
15 ministrator may make temporary and definitive loans to
16 local public agencies in accordance with the provisions
17 of this title for the undertaking of urban renewal
18 projects.”;

19 ~~(2)~~ by inserting in the second sentence of subsec-
20 tion ~~(a)~~ before the word “expenditures” the word “es-
21 timated” and by inserting after the word “bonds” the
22 words “or other obligations”;

23 ~~(3)~~ by striking out “new uses of land in the project

1 area" at the end of the first sentence of subsection (b)
2 and inserting "new uses of such land in the project
3 area";

4 (4) by striking out the words "bear interest as such
5 rate" in the second sentence of subsection (b) and
6 inserting "bear interest at such rate"; and

7 (5) by amending subsection (d) to read as follows:

8 (d) The Administrator may make advances of
9 funds to local public agencies for surveys and plans for
10 urban renewal projects which may be assisted under this
11 title, including, but not limited to, (i) plans for carrying
12 out a program of voluntary repair and rehabilitation of
13 buildings and improvements, (ii) plans for the enforce-
14 ment of State and local laws, codes, and regulations re-
15 lating to the use of land and the use and occupancy of
16 buildings and improvements, and to the compulsory re-
17 pair, rehabilitation, demolition, or removal of buildings
18 and improvements, and (iii) appraisals, title searches,
19 and other preliminary work necessary to prepare for the
20 acquisition of land in connection with the undertaking of
21 such projects. The contract for any such advance of
22 funds shall be made upon the condition that such advance
23 of funds shall be repaid, with interest at not less than the

1 applicable going Federal rate, out of any moneys which
 2 become available to the local public agency for the
 3 undertaking of the project involved.”.

4 SEC. 405. Subsection (a) of section 103 of said Act, as
 5 amended, is hereby amended to read as follows:

6 “(a) The Administrator may make capital grants to
 7 local public agencies in accordance with the provisions of
 8 this title for urban renewal projects: *Provided*, That the Ad-
 9 ministrator shall not make any contract for capital grant with
 10 respect to a project which consists of open land. The aggre-
 11 gate of such capital grants with respect to all the projects
 12 of a local public agency on which contracts for capital grants
 13 have been made under this title shall not exceed two-thirds
 14 of the aggregate of the net project costs of such projects;
 15 and the capital grant with respect to any individual project
 16 shall not exceed the difference between the net project cost
 17 and the local grants-in-aid actually made with respect to the
 18 project.”

19 SEC. 406. Section 104 of said Act, as amended, is hereby
 20 amended by striking “section 110 (f) of land” and inserting
 21 “section 110 (f) of the property”.

22 SEC. 407. Section 105 of said Act, as amended, is here-
 23 by amended—

24 (1) by striking “Contracts for financial aid” and
 25 inserting “Contracts for loans or capital grants”;

1 ~~(2)~~ by amending subsections ~~(a)~~ and ~~(b)~~ to read
2 as follows:

3 ~~“(a)~~ The urban renewal plan ~~(including any re-~~
4 ~~development plan constituting a part thereof)~~ for the
5 urban renewal area be approved by the governing body
6 of the locality in which the project is situated, and that
7 such approval include findings by the governing body
8 that ~~(i)~~ the financial aid to be provided in the contract
9 is necessary to enable the project to be undertaken in
10 accordance with the urban renewal plan; ~~(ii)~~ the
11 urban renewal plan will afford maximum opportunity,
12 consistent with the sound needs of the locality as a
13 whole, for the rehabilitation or redevelopment of the
14 urban renewal area by private enterprise; and ~~(iii)~~
15 the urban renewal plan conforms to a general plan for
16 the development of the locality as a whole;

17 ~~“(b)~~ When real property acquired or held by the
18 local public agency in connection with the project is sold
19 or leased, the purchasers or lessees and their assignees
20 shall be obligated ~~(i)~~ to devote such property to the uses
21 specified in the urban renewal plan for the project area;
22 ~~(ii)~~ to begin within a reasonable time any improve-
23 ments on such property required by the urban renewal
24 plan; and ~~(iii)~~ to comply with such other conditions as
25 The Administrator finds, prior to the execution of the

1 contract for loan or capital grant pursuant to this title;
 2 are necessary to carry out the purposes of this title:
 3 *Provided*, That clauses (ii) and (iii) of this subsection
 4 shall not apply to mortgagees and others who acquire an
 5 interest in such property as the result of the enforcement
 6 of any lien or claim thereon;"

7 (3) by striking the word "project" wherever it
 8 appears in subsection (e) and inserting the term "urban
 9 renewal"; and

10 (4) by striking out the proviso at the end of sub-
 11 section (e), and substituting a period for the colon pre-
 12 ceding said proviso.

13 SEC. 408. Section 106 of said Act, as amended, is
 14 hereby amended by inserting the following proviso before
 15 the period at the end of subsection (b): " *Provided*, That
 16 necessary expenses of inspections and audits, and of provid-
 17 ing representatives at the site, of projects being planned or
 18 undertaken by local public agencies pursuant to this title
 19 shall be compensated by such agencies by the payment of
 20 fixed fees which in the aggregate will cover the costs of
 21 rendering such services, and such expenses shall be considered
 22 nonadministrative; and for the purpose of providing such in-
 23 spections and audits and of providing representatives at the
 24 sites, the Administrator may utilize any agency and such
 25 agency may accept reimbursement or payment for such

1 services from such local public agencies or the Administrator,
2 and credit such amounts to the appropriations or funds against
3 which such charges have been made”.

4 SEC. 409. Section 107 of said Act, as amended, is hereby
5 amended by striking out the words “redevelopment plan”
6 and inserting “urban renewal plan”.

7 SEC. 410. Section 109 of said Act, as amended, is hereby
8 amended to read as follows:

9 “SEC. 109. In order to protect labor standards—

10 “(a) any contract for loan or capital grant pursuant
11 to this title shall contain a provision requiring that not
12 less than the wages prevailing in the locality, as prede-
13 termined by the Secretary of Labor pursuant to the
14 Davis-Bacon Act (49 Stat. 1011), shall be paid to all
15 laborers and mechanics, except such laborers or me-
16 chanics who are employees of municipalities or other
17 local public bodies, employed in the development of
18 the project involved for work financed in whole or in
19 part with funds made available pursuant to this title;
20 and the Administrator shall require certification as to
21 compliance with the provisions of this paragraph prior
22 to making any payment under such contract; and

23 “(b) the provisions of title 18, United States Code,
24 section 874, and of title 40, United States Code, section
25 276e, shall apply to work financed in whole or in part

1 with funds made available for the development of a
2 project pursuant to this title.”

3 “SEC. 411. Section 110 of said Act, as amended, is hereby
4 amended to read as follows:

5 “SEC. 110. The following terms shall have the meanings,
6 respectively, ascribed to them below, and, unless the context
7 clearly indicates otherwise, shall include the plural as well
8 as the singular number:

9 “(a) ‘Urban renewal area’ means an urban area that
10 (1) the governing body of the locality determines to be
11 blighted, deteriorated, or deteriorating and designates as ap-
12 propriate for an urban renewal project, and (2) the Admin-
13 istrator approves as appropriate for a project under this title.

14 “(b) ‘Urban renewal plan’ means a plan, as it exists
15 from time to time, for an urban renewal project, which plan
16 (1) shall conform to the general plan of the locality as a
17 whole and to the workable program referred to in section 101
18 hereof; (2) shall be sufficiently complete to indicate such
19 land acquisition, demolition and removal of structures, re-
20 development, improvements, and rehabilitation as may be
21 proposed to be carried out in the urban renewal area, zoning
22 and planning changes, if any, land uses, maximum densities,
23 building requirements, and the plan’s relationship to definite
24 local objectives respecting appropriate land uses, improved
25 traffic, public transportation, public utilities, recreational and

1 community facilities, and other public improvements; and
2 ~~(3)~~ shall include, for any part of the urban renewal area
3 proposed to be acquired and redeveloped in accordance with
4 clause ~~(1)~~ of the second sentence of subsection ~~(c)~~ of this
5 section, a redevelopment plan approved by the governing
6 body of the locality.

7 “~~(c)~~ ‘Urban renewal project’ or ‘project’ may include
8 undertakings and activities of a local public agency in an
9 urban renewal area for the elimination and for the preven-
10 tion of the development or spread of slums and blight, in
11 accordance with an urban renewal plan to achieve sound
12 community objectives for the establishment and preservation
13 of well-planned residential neighborhoods of decent homes
14 and suitable living environment for adequate family life, and
15 may involve slum clearance and redevelopment in an urban
16 renewal area, or rehabilitation or conservation in an urban
17 renewal area, or any combination or part thereof, in accord-
18 ance with such urban renewal plan. For the purposes of this
19 subsection, ‘slum clearance and redevelopment’ may include
20 ~~(1)~~ acquisition of ~~(i)~~ a slum area or a deteriorated or
21 deteriorating area, or ~~(ii)~~ land which is predominantly open
22 and which because of obsolete platting, diversity of own-
23 ership, deterioration of structures or of site improvements, or
24 otherwise, substantially impairs or arrests the sound growth

1 of the community, or (iii) open land necessary for sound
2 community growth which is to be developed for predomi-
3 nantly residential uses (except that the determination re-
4 quired by clause (1) of paragraph (a) of this section that
5 the area is blighted, deteriorated, or deteriorating shall not
6 be applicable in the case of an open land project); (2)-
7 demolition and removal of buildings and improvements; (3)-
8 installation, construction, or reconstruction of streets, utilities,
9 parks, playgrounds, and other improvements necessary for
10 carrying out in the area the urban renewal objectives of this
11 title in accordance with the urban renewal plan; and (4)-
12 making the land available for development or redevelopment
13 by private enterprise or public agencies (including sale,
14 initial leasing, or retention by the local public agency itself)-
15 at its fair value for uses in accordance with the urban renewal
16 plan. For the purposes of this subsection, 'rehabilitation' or
17 'conservation' may include the restoration and renewal of a
18 blighted, deteriorated, or deteriorating area by (1) carrying
19 out plans for a program of voluntary repair and rehabilita-
20 tion of buildings or other improvements in accordance with
21 the urban renewal plan; (2) acquisition of real property and
22 demolition or removal of buildings and improvements thereon
23 where necessary to eliminate unhealthful, insanitary or unsafe
24 conditions, lessen density, eliminate obsolete or other uses
25 detrimental to the public welfare, or to otherwise remove or

1 prevent the spread of blight or deterioration, or to provide
 2 land for needed public facilities; ~~(3)~~ installation, construc-
 3 tion, or reconstruction, of such improvements as are described
 4 in clause ~~(3)~~ of the preceding sentence; and ~~(4)~~ the disposi-
 5 tion of any property acquired in such urban renewal area
 6 ~~(including sale, initial leasing, or retention by the local public~~
 7 ~~agency itself)~~ at its fair value for uses in accordance with
 8 the urban renewal plan.

9 “For the purposes of this title, the term ‘project’ shall
 10 not include the construction or improvement of any building;
 11 and the term ‘redevelopment’ and derivatives thereof shall
 12 mean development as well as redevelopment. For any of
 13 the purposes of section 109 hereof, the term ‘project’ shall
 14 not include any donations or provisions made as local grants-
 15 in-aid and eligible as such pursuant to clauses ~~(2)~~ and ~~(3)~~
 16 of section 110 ~~(d)~~ hereof.

17 “~~(d)~~ ‘Local grants-in-aid’ shall mean assistance by a
 18 State, municipality, or other public body, or ~~(in the case~~
 19 ~~of cash grants or donations of land or other real property)~~
 20 any other entity, in connection with any project on which a
 21 contract for capital grant has been made under this title, in
 22 the form of ~~(1)~~ cash grants; ~~(2)~~ donations, at cash value,
 23 of land or other real property ~~(exclusive of land in streets,~~
 24 ~~alleys, and other public rights-of-way which may be vacated~~
 25 ~~in connection with the project)~~ in the urban renewal area,

1 and demolition, removal, or other work or improvements in
2 the urban renewal area, at the cost thereof, of the types
3 described in clause (2) and clause (3) of either the second
4 or third sentence of section 110 (c); and (3) the provision
5 in the urban renewal area, at their cost, of public buildings
6 or other public facilities (other than publicly-owned housing)
7 which are necessary for carrying out in the area the urban
8 renewal objective of this title in accordance with the urban
9 renewal plan: *Provided*, That in any case where, in the
10 determination of the Administrator, any park, playground,
11 public buildings, or other public facility is of direct benefit
12 both to the urban renewal area and to other areas, and the
13 approximate degree of the benefit to such other areas is esti-
14 mated by the Administrator at 20 per centum or more of
15 the total benefits, the Administrator shall provide that, for
16 the purpose of computing the amount of the local grants-in-aid
17 for the project, there shall be included only such portion of
18 the cost of such park, playground, public building, or other
19 public facility as the Administrator determines to be appro-
20 priate: *And provided further*, That for the purpose of com-
21 puting the amount of local grants-in-aid under this section
22 110 (d), the estimated cost (as determined by the Admin-
23 istrator) of parks, playgrounds, public buildings, or other
24 public facilities may be deemed to be the actual cost thereof
25 if (i) the construction or provision thereof is not completed

1 at the time of final disposition of land in the project to be
 2 acquired and disposed of under the urban renewal plan; and
 3 ~~(ii)~~ the Administrator has received assurances satisfactory
 4 to him that such park, playground, public building, or other
 5 public facility will be constructed or completed when needed
 6 and within a time prescribed by him. With respect to any
 7 demolition or removal work, improvement, or facility for
 8 which a State, municipality, or other public body has received
 9 or has contracted to receive any grant or subsidy from the
 10 United States, or any agency or instrumentality thereof, the
 11 portion of the cost thereof defrayed or estimated by the
 12 Administrator to be defrayed with such subsidy or grant shall
 13 not be eligible for inclusion as a local grant-in-aid.

14 “~~(e)~~ ‘Gross project cost’ shall comprise ~~(1)~~ the amount
 15 of the expenditures by the local public agency with respect
 16 to any and all undertakings necessary to carry out the
 17 project (including the payment of carrying charges, but not
 18 beyond the point where the project is completed), and ~~(2)~~
 19 the amount of such local grants-in-aid as are furnished in
 20 forms other than cash.

21 “~~(f)~~ ‘Net project cost’ shall mean the difference be-
 22 tween the gross project cost and the aggregate of ~~(1)~~ the
 23 total sales prices of all land or other property sold; and ~~(2)~~
 24 the total capital values ~~(i)~~ imputed, on a basis approved by
 25 the Administrator, to all land or other property leased, and

1 ~~(ii)~~ used as a basis for determining the amounts to be trans-
2 ferred to the project from other funds of the local public
3 agency to compensate for any land or other property re-
4 tained by it for use in accordance with the urban renewal
5 plan.

6 “(g) ‘Going Federal rate’ means (with respect to any
7 contract for a loan or advance entered into after the first
8 annual rate has been specified as provided in this sentence)
9 the annual rate of interest which the Secretary of the Treas-
10 ury shall specify as applicable to the six-month period (be-
11 ginning with the six-month period ending December 31,
12 1953) during which the contract for loan or advance is made,
13 which applicable rate for each six-month period shall be
14 determined by the Secretary of the Treasury by estimating
15 the average yield to maturity, on the basis of daily closing
16 market bid quotations or prices during the month of May
17 or the month of November, as the case may be, next preced-
18 ing such six-month period, on all outstanding marketable
19 obligations of the United States having a maturity date of
20 fifteen or more years from the first day of such month of May
21 or November, and by adjusting such estimated average an-
22 nual yield to the nearest one-eighth of 1 per centum. Any
23 contract for loan made may be revised or superseded by a
24 later contract, so that the going Federal rate, on the basis
25 of which the interest rate on the loan is fixed, shall mean

1 the going Federal rate, as herein defined, on the date that
2 such contract is revised or superseded by such later contract.

3 “(h) ‘Local public agency’ means any State, county,
4 municipality, or other governmental entity or public body,
5 or two or more such entities or bodies, authorized to under-
6 take the project for which assistance is sought. ‘State’ in-
7 cludes the several States, the District of Columbia, and the
8 territories and possessions of the United States.

9 “(i) ‘Land’ means any real property, including im-
10 proved or unimproved land, structures, improvements, ease-
11 ments, incorporeal hereditaments, estates, and other rights in
12 land, legal or equitable.

13 “(j) ‘Administrator’ means the Housing and Home
14 Finance Administrator.”

15 SEC. 412. Notwithstanding the amendments in this title
16 to title I of the Housing Act of 1949, as amended, the
17 Administrator, with respect to any project covered by any
18 Federal aid contract executed, or prior approval granted, by
19 him under said title I before the effective date of this Act,
20 may extend financial assistance for the completion of such
21 project in accordance with the provisions of said title I in
22 force immediately prior to the effective date of this Act.

23 SEC. 413. The provisos with respect to the appropria-
24 tion for capital grants for slum clearance and urban rede-
25 velopment contained in title I of the First Independent

1 Offices Appropriation Act, 1954 (Public Law 176, Eighty-
2 third Congress) are hereby repealed.

3 SEC. 414. The Housing and Home Finance Adminis-
4 trator is authorized to make grants, subject to such terms and
5 conditions as he shall prescribe, to public bodies, including
6 cities and other political subdivisions, to assist them in de-
7 veloping, testing, and reporting methods and techniques, and
8 carrying out demonstrations and other activities for the pre-
9 vention and the elimination of slums and urban blight. No
10 such grant shall exceed two-thirds of the cost, as determined
11 or estimated by said Administrator, of such activities or
12 undertakings. In administering this section, said Adminis-
13 trator shall give preference to those undertaking which in
14 his judgment can reasonably be expected to (1) contribute
15 most significantly to the improvement of methods and tech-
16 niques for the elimination and prevention of slums and blight,
17 and (2) best serve to guide renewal programs in other com-
18 munities. Said Administrator may make advance or prog-
19 ress payments on account of any grant contracted to be
20 made pursuant to this section, notwithstanding the provisions
21 of section 3648 of the Revised Statutes, as amended. The
22 aggregate amount of grants made under this section shall not
23 exceed \$5,000,000 and shall be payable from the capital
24 grant funds provided under and authorized by section 103 (b)-
25 of the Housing Act of 1949, as amended.

1 TITLE V—LOW-RENT PUBLIC HOUSING

2 SEC. 501. The United States Housing Act of 1937, as
3 amended, is hereby amended—

4 (1) by striking the words following the first colon
5 up to and including the words “such families” in sub-
6 section 10 (g) and inserting the following: “First, to
7 families which are to be displaced by any low-rent hous-
8 ing project or by any public slum-clearance, redevelop-
9 ment or urban renewal project, or through action of a
10 public body or court, either through the enforcement
11 of housing standards or through the demolition, closing,
12 or improvement of dwelling units, or which were so dis-
13 placed within three years prior to making application to
14 such public housing agency for admission to any low-
15 rent housing: *Provided*, That as among such projects
16 or actions the public housing agency may from time to
17 time extend a prior preference or preferences: *And pro-*
18 *vided further*, That, as among families within any such
19 preference group”; and

20 (2) by striking the words “or was to be displaced
21 by another low-rent housing project or by a public slum-
22 clearance or redevelopment project” in clause (ii) of
23 subsection 15 (8) (b) and inserting the following: “or
24 was to be displaced by any low-rent housing project or
25 by any public slum-clearance, redevelopment or urban

1 renewal project, or through action of a public body or
2 court, either through the enforcement of housing stand-
3 ards or through the demolition, closing, or improvement
4 of a dwelling unit or units”.

5 SEC. 502. Subsection 10 (h) of said Act, as amended, is
6 hereby amended to read as follows:

7 “(h) Every contract made pursuant to this Act for
8 annual contributions for any low-rent housing project ini-
9 tiated after March 1, 1949, shall provide that no annual
10 contributions by the Authority shall be made available for
11 such project unless such project is exempt from all real and
12 personal property taxes levied or imposed by the State, city,
13 county, or other political subdivisions, but such contract shall
14 require the public housing agency to make payments in lieu
15 of taxes equal to 10 per centum of the annual shelter rents
16 charged in such project or such lesser amount as (i) is
17 prescribed by State law, or (ii) is agreed to by the local
18 governing body in its agreement for local cooperation with
19 the public housing agency required under subsection 15 (7)-
20 (b) (i) of this Act, or (iii) is due to failure of a local public
21 body or bodies other than the public housing agency to per-
22 form any obligation under such agreement: *Provided, That,*
23 if at the time such agreement for local cooperation is entered
24 into it appears that such 10 per centum payments in lieu of
25 taxes will not result in a contribution to the project through

1 tax exemption by the State, city, county, or other political
2 subdivisions in which the project is situated of at least 20
3 per centum of the annual contributions to be paid by the
4 Authority, the amounts of such payments in lieu of taxes shall
5 be limited by the agreement to amounts, if any, which would
6 not reduce the local contribution below such 20 per centum:
7 *Provided further,* That with respect to any such project
8 which is not exempt from all real and personal property taxes
9 levied or imposed by the State, city, county, or other political
10 subdivisions, such contract shall provide, in lieu of the re-
11 quirement for tax exemption and payments in lieu of taxes,
12 that no annual contributions by the Authority shall be made
13 available for such project unless and until the State, city,
14 county, or other political subdivisions in which such project is
15 situated shall contribute, in the form of cash or tax remission
16 an amount equal to the greater of (i) the amount by which
17 the taxes paid with respect to the project exceeds 10 per
18 centum of the annual shelter rents charged in such project
19 or (ii) 20 per centum of the annual contributions paid by
20 the Authority (but not in excess of the taxes levied): *And*
21 *provided further,* That, prior to execution of the contract for
22 annual contributions the public housing agency shall, in the
23 case of a tax-exempt project, notify the governing body of
24 the locality of its estimate of the annual amount of such pay-
25 ments in lieu of taxes and of the amount of taxes which would

1 be levied if the property were privately owned, or, in the
 2 case where the project is taxed, its estimate of the annual
 3 amount of the local cash contribution, and shall thereafter
 4 include the actual amounts in its annual reports. Contracts
 5 for annual contributions entered into prior to the effective
 6 date of the Housing Act of 1954 may be amended in accord-
 7 ance with the first sentence of this subsection."

8 SEC. 503. Section 10 of said Act, as amended, is hereby
 9 amended by adding the following new subsection:

10 "~~(i)~~ Every contract made pursuant to this Act for
 11 annual contributions for any low-rent housing project for
 12 which no such contract has been entered into prior to the
 13 enactment of the Housing Act of 1954 shall provide that—

14 "~~(1)~~ after payment in full of all obligations of the
 15 public housing agency in connection with the project for
 16 which any annual contributions are pledged, and until
 17 the total amount of annual contributions paid by the
 18 Authority in respect to such project has been repaid pur-
 19 suant to the provisions of this subsection, ~~(a)~~ all receipts
 20 in connection with the project in excess of expenditures
 21 necessary for management, operation, maintenance, or
 22 financing, and for reasonable reserves therefor, shall be
 23 paid annually to the Authority and to local public bodies
 24 which have contributed to the project in the form of tax
 25 exemption or otherwise, in proportion to the aggregate

1 contribution which the Authority and such local public
2 bodies have made to the project, and ~~(b)~~ no debt in
3 respect to the project, except for necessary expenditures
4 for the project, shall be incurred by the public housing
5 agency;

6 “~~(2)~~ if, at any time, the project or any part thereof
7 is sold, such sale shall be to the highest responsible bid-
8 der after advertising, or at fair market value, and the pro-
9 ceeds of such sale together with any reserves, after ap-
10 plication to any outstanding debt of the public housing
11 agency in respect to such project, shall be paid to the
12 Authority and local public bodies as provided in clause
13 1 ~~(a)~~ of this subsection: *Provided*, That the amounts to
14 be paid to the Authority and the local public bodies shall
15 not exceed their respective total contribution to the
16 project.”.

17 SEC. 504. Paragraph ~~(6)~~ of section 16 of said Act, as
18 amended, is hereby repealed.

19 SEC. 505. Paragraph ~~(2)~~ of section 16 of said Act,
20 as, amended, is hereby amended to read as follows:

21 “~~(2)~~ Any contract for loans, annual contributions,
22 capital grants, sale, or lease pursuant to this Act shall con-
23 tain a provision requiring that not less than the wages pre-
24 vailing in the locality, as determined or adopted ~~(subsequent~~
25 to a determination under applicable State or local law) by

1 the Authority, shall be paid to all maintenance laborers and
 2 mechanics employed in the administration of the low-rent
 3 housing or slum-clearance project involved; and shall also
 4 contain a provision that not less than the wages prevailing
 5 in the locality, as predetermined by the Secretary of Labor
 6 pursuant to the Davis-Bacon Act (49 Stat. 1011), shall
 7 be paid to all laborers and mechanics employed in the de-
 8 velopment of the project involved; and the Authority shall
 9 require certification as to compliance with the provisions of
 10 this paragraph prior to making any payment under such
 11 contract.”

12 TITLE VI—HOME LOAN BANK BOARD

13 SEC. 601. The National Housing Act, as amended, is
 14 hereby amended—

15 (1) by amending section 402 (c) (4) to read as
 16 follows:

17 “(4) To sue and be sued, complain and defend,
 18 in any court of competent jurisdiction in the United
 19 States or its territories or possessions, and may be served
 20 by serving a copy of process on any of its agents or any
 21 agent of the Home Loan Bank Board and mailing a
 22 copy of such process by registered mail to the Corpora-
 23 tion at Washington, District of Columbia.”; and

24 (2) by adding the following new subsection to sec-
 25 tion 405:

“(e) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of three years from the date of default unless, within such three-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the Corporation and its validity denied, in which event the action may be brought within two years from the date of such denial.”.

SEC. 602. The Federal Home Loan Bank Act, as amended, is hereby amended by striking “\$20,000” in section 10 (b) (2) and inserting “\$35,000”.

SEC. 603. The Home Owners' Loan Act of 1933, as amended, is hereby amended—

(1) by striking “\$20,000” wherever it appears in the first paragraph of subsection (c) of section 5 and inserting “\$35,000”; and

(2) by amending subsection (d) of section 5 to read as follows:

“(d) (1) The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or

1 rules and regulations made hereunder, or any other law
2 or regulation, and in the administration of conservator-
3 ships and receiverships as provided in subsection (d)-
4 (2) hereof, the Board is authorized to act in its own
5 name and through its own attorneys. The Board shall
6 have power to sue and be sued, complain and defend in
7 any court of competent jurisdiction in the United States
8 or its territories or possessions. It shall by formal reso-
9 lution state any alleged violation of law or regulation
10 and give written notice to the association concerned
11 of the facts alleged to be such violation, except that the
12 appointment of a Supervisory Representative in Charge,
13 a conservator or a receiver shall be exclusively as pro-
14 vided in subsection (d) (2) hereof. Such association
15 shall have thirty days within which to correct the alleged
16 violation of law or regulation and to perform any legal
17 duty. If the association concerned does not comply with
18 the law or regulation within such period, then the Board
19 shall give such association twenty days written notice
20 of the charges against it and of a time and place at which
21 the Board will conduct a hearing as to such alleged vio-
22 lation of duty. Such hearing shall be in the Federal
23 judicial district of the association unless it consents to
24 another place and shall be conducted by a hearing exam-
25 iner as is provided by the Administrative Procedure Act.

1 The Board or any member thereof or its designated
2 representative shall have power to administer oaths and
3 affirmations and shall have power to issue subpoenas and
4 subpoenas duces tecum, and shall issue such at the re-
5 quest of any interested party, and the Board or any in-
6 terested party may apply to the United States district
7 court of the district where such hearing is designated
8 for the enforcement of such subpoena or subpoena duces
9 tecum and such courts shall have power to order and
10 require compliance therewith. A record shall be made
11 of such hearing and any interested party shall be entitled
12 to a copy of such record to be furnished by the Board at
13 its reasonable cost. After such hearing and an adjudica-
14 tion by the Board, appeals shall lie as is provided by the
15 Administrative Procedure Act, and the review by the
16 court shall be upon the weight of the evidence. Upon
17 the giving of notice of alleged violation of law or regu-
18 lation as herein provided, either the Board or the asso-
19 ciation affected may, within thirty days after the service
20 of said notice, apply to the United States district court
21 for the district where the association is located for a
22 declaratory judgment and an injunction or other relief
23 with respect to such controversy, and said court shall
24 have jurisdiction to adjudicate the same as in other

1 cases and to enforce its orders. The Board may apply
 2 to the United States district court of the district where
 3 the association affected has its home office for the en-
 4 forcement of any order of the Board and such court
 5 shall have power to enforce any such order which has
 6 become final. The Board shall be subject to suit by any
 7 Federal savings and loan association with respect to any
 8 matter under this section or regulations made there-
 9 under, or any other law or regulation, in the United
 10 States district court for the district where the home office
 11 of such association is located, and may be served by serv-
 12 ing a copy of process on any of its agents and mailing
 13 a copy of such process by registered mail, to the Home
 14 Loan Bank Board, Washington, District of Columbia.

15 “(2) The grounds for the appointment of a con-
 16 servator or receiver for a Federal savings and loan
 17 association shall be one or more of the following: (i)
 18 insolvency in that the assets of such association are
 19 less than its obligations to its creditors and others, in-
 20 cluding its members; (ii) violation of law or of a regu-
 21 lation; (iii) the concealment of its books, records, or
 22 assets or the refusal to submit its books, papers, records,
 23 or affairs for inspection to any examiner or lawful agent
 24 appointed by the Home Loan Bank Board; and (iv)
 25 unsafe or unsound operation. The Board shall have

1 exclusive jurisdiction to appoint a Supervisory Repre-
2 sentative in Charge, conservator, or receiver. If, in the
3 opinion of the Board, a ground for the appointment of a
4 conservator or receiver as herein provided exists and
5 the Board determines that an emergency exists requiring
6 immediate action, the Board is authorized to appoint ex-
7 parte and without notice a Supervisory Representative in
8 Charge to take charge of said association and its affairs
9 who shall have and exercise all the powers herein pro-
10 vided for conservators and receivers. Unless sooner re-
11 moved by the Board, such Supervisory Representative in
12 Charge shall hold office until a conservator or receiver,
13 appointed by the Board after notice as herein provided,
14 takes charge of the association and its affairs, or for six
15 months, or until thirty days after the termination of the
16 administrative hearing and final proceedings herein pro-
17 vided, or until sixty days after the final termination of
18 any litigation affecting such temporary appointment,
19 whichever is longest. The Board shall have the power
20 to appoint a conservator or receiver but no such ap-
21 pointment of a conservator or receiver shall be made
22 except pursuant to a formal resolution of the Board
23 stating the grounds therefor and except notice thereof
24 is given to said association stating the grounds therefor
25 and until an opportunity for an administrative hearing

1 thereon is afforded to said association. Such hearing
2 shall be held in accordance with the provisions of the
3 Administrative Procedure Act and shall be subject to
4 review as therein provided and the review by the court
5 shall be upon the weight of the evidence. A conservator
6 shall have all the powers of the members, the directors,
7 and officers of the Federal association and shall be author-
8 ized to operate it in its own name or conserve its assets
9 in the manner and to the extent authorized by the Board.
10 The Board shall appoint only the Federal Savings and
11 Loan Insurance Corporation as receiver for any Federal
12 savings and loan association, which shall have power
13 as receiver to buy at its own sale subject to approval by
14 the Board. With the consent of the association expressed
15 by a resolution of the board of directors or of its mem-
16 bers, the Board is authorized to appoint a conservator or
17 receiver for a Federal association without notice and
18 without hearing. The Board shall have power to make
19 rules and regulations for the reorganization, merger, and
20 liquidation of Federal associations and for such associa-
21 tions in conservatorship and receivership and for the
22 conduct of conservatorships and receiverships. When-
23 ever a Supervisory Representative in Charge, conserva-
24 tor, or receiver, appointed by the Board pursuant to the
25 provisions of this section, demands possession of the

property, business and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year or both by such fine and imprisonment."

~~TITLE VII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS~~

~~URBAN PLANNING~~

SEC. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services and other planning works, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning. Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by

1 the Administrator to carry out this section. The Administra-
 2 tor is authorized, notwithstanding the provisions of section
 3 3648 of the Revised Statutes, as amended, to make advance
 4 or progress payments on account of any planning grant
 5 made under this section. There is hereby authorized to be
 6 appropriated not exceeding \$5,000,000 to carry out the
 7 purposes of this section, and any amounts so appropriated
 8 shall remain available until expended.

9 RESEVE OF PLANNED PUBLIC WORKS

10 SEC. 702. (a) In order (1) to encourage municipali-
 11 ties and other public agencies to maintain a continuing and
 12 adequate reserve of planned public works the construction of
 13 which can rapidly be commenced whenever the economic
 14 situation may make such action desirable, and (2) to attain
 15 maximum economy and efficiency, in the planning and con-
 16 struction of local, State, and Federal public works, the Ad-
 17 ministrator is hereby authorized, during the period of three
 18 years commencing on July 1, 1954, to make advances to
 19 public agencies from funds available under this section (not
 20 withstanding the provisions of section 3648 of the Revised
 21 Statutes, as amended) to aid in financing the cost of engi-
 22 neering and architectural surveys, designs, plans, working
 23 drawings, specifications, or other action preliminary to and
 24 in preparation for the construction of public works: *Provided,*
 25 That the making of advances hereunder shall not in any way

1 commit the Congress to appropriate funds to assist in
2 financing the construction of any public works so planned.

3 (b) No advance shall be made hereunder with respect
4 to any individual project unless it conforms to an overall
5 State, local, or regional plan approved by a competent State,
6 local, or regional authority, and unless the public agency
7 formally contracts with the Federal Government to com-
8 plete the plan preparation promptly and to repay such
9 advance when due.

10 (c) Advances under this section to any public agency
11 shall be repaid without interest by such agency when the
12 construction of the public works is undertaken or started:
13 *Provided*, That in the event repayment is not made promptly
14 such unpaid sum shall bear interest at the rate of four per
15 centum per annum from the date of the Government's de-
16 mand for repayment to the date of payment thereof by the
17 public agency. All sums so repaid shall be covered into
18 the Treasury as miscellaneous receipts.

19 (d) The Administrator is authorized to prescribe rules
20 and regulations to carry out the purposes of this section.

21 (e) There is hereby authorized to be appropriated not
22 exceeding \$10,000,000 to carry out the purposes of this sec-
23 tion, and any amount so appropriated shall remain available
24 until expended. Not more than 5 per centum of the fund
25 so appropriated shall be expended in any one State.

DEFINITIONS

SEC. 703. As used in this title, (1) the term "State" shall include any State, territory, or possession of the United States, including the District of Columbia; (2) the term "Administrator" shall mean the Housing and Home Finance Administrator; (3) the term "public works" shall include any public works other than housing; and (4) the term "public agency" or "public agencies" shall mean any State, as herein defined, or any public agency or political subdivision therein.

TITLE VIII—MISCELLANEOUS PROVISIONS

SEC. 801. Section 607 of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, is hereby amended by adding the following new subsection at the end thereof:

"(g) The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said Act, or (4)

1 it is to be sold with a requirement that it be removed from
2 its present location."

3 SEC. 802. (a) The Housing and Home Finance Admin-
4 istrator shall, as soon as practicable during each calendar
5 year, make a report to the President for submission to the
6 Congress on all operations under the jurisdiction of the
7 Housing and Home Finance Agency during the previous
8 calendar year.

9 (b) Section 311 of "An Act to expedite the provision
10 of housing in connection with national defense, and for other
11 purposes", approved October 14, 1940, as amended; section
12 6 of "An Act to provide for the advance planning of non-
13 Federal public works", approved October 13, 1940, as
14 amended; and sections 5 and 402 (f) of the National Hous-
15 ing Act, as amended, are hereby repealed.

16 (c) The National Housing Act, as amended, is
17 hereby amended—

18 (1) by striking the heading "ANNUAL REPORT"
19 immediately after section 4 and inserting "TAXATION";
20 and

21 (2) by striking from subsection (c) of section 406
22 the word "Congress" and inserting "Housing and Home
23 Finance Administrator".

24 (d) The first sentence of section 7 (b) of the United
25 States Housing Act of 1937, as amended, is hereby amended

1 to read as follows: "The annual report of the Housing and
2 Home Finance Administrator to the President for submission
3 to the Congress on the operations of the Housing and Home
4 Finance Agency shall include a report on the operations and
5 expenses of the Authority, including loans, contributions, and
6 grants made or contracted for, low-rent housing and slum-
7 clearance projects undertaken, and the assets and liabilities
8 of the Authority."

9 (e) Section 106 (a) of the Housing Act of 1949, as
10 amended, is hereby amended by striking "; and" at the end
11 of paragraph (3) thereof, inserting a period in lieu thereof,
12 and striking paragraph (4).

13 (f) The Federal Home Loan Bank Act, as amended, is
14 hereby amended by striking the second sentence of section 20:

15 SEC. 803. The Housing and Home Finance Agency,
16 including its constituent agencies, and any other departments
17 or agencies of the Federal Government having powers, func-
18 tions, or duties with respect to housing under this or any
19 other law shall exercise such powers, functions, or duties
20 in such manner as, consistent with the requirements thereof,
21 will facilitate progress in the reduction of the vulnerability
22 of congested urban areas to enemy attack.

1 ~~ACT CONTROLLING~~

2 SEC. 804. Insofar as the provisions of any other law
3 are inconsistent with the provisions of this Act, the provi-
4 sions of this Act shall be controlling.

5 SEPARABILITY

6 SEC. 805. Except as may be otherwise expressly pro-
7 vided in this Act, all powers and authorities conferred by
8 this Act shall be cumulative and additional to and not in
9 derogation of any powers and authorities otherwise exist-
10 ing. Notwithstanding any other evidences of the intention
11 of Congress, it is hereby declared to be the controlling intent
12 of Congress that if any provisions of this Act, or the appli-
13 cation thereof to any persons or circumstances, shall be ad-
14 judged by any court of competent jurisdiction to be invalid,
15 such judgment shall not affect, impair, or invalidate the
16 remainder of this Act or its applications to other persons
17 and circumstances.

18 *That this Act may be cited as the "Housing Act of 1954".*

19 TITLE I—FEDERAL HOUSING

20 ADMINISTRATION

21 AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

22 SEC. 101. Section (b) of the National Housing Act,
23 as amended, is hereby amended—

1 (1) by striking out clause numbered (1) and in-
2 serting the following: "(1) if the amount of such loan,
3 advance of credit, or purchase exceeds \$3,000";

4 (2) by striking out of clause numbered (2) the
5 words "three years" and inserting "five years"; and

6 (3) by striking out of the first proviso "\$10,000
7 and having a maturity not in excess of seven years" and
8 inserting "\$10,000 or \$1,500 per family unit, whichever
9 is the greater, and having a maturity not in excess of
10 ten years".

11 SEC. 102. Section 2 (f) of said Act, as amended, is
12 hereby amended by adding the following at the end thereof:
13 "The account heretofore established in connection with insur-
14 ance operations under this section and identified in the
15 accounting records of the Federal Housing Administration as
16 the Title I Claims Account shall be terminated as of June
17 30, 1954, at which time all of the remaining assets of such
18 account, together with deposits therein for the account of
19 obligors, shall be transferred to and merged with the account
20 established pursuant to this subsection. Moneys in the ac-
21 count established pursuant to this subsection not needed for
22 the current operations of the Federal Housing Administration
23 may be invested in bonds or other obligations of, or in bonds
24 or other obligations guaranteed as to principal and interest
25 by, the United States."

1 *SEC. 103. Section 8 of said Act, as amended, is hereby*
 2 *amended by striking the period at the end of subsection (a)*
 3 *and inserting a colon and the following: "And provided*
 4 *further, That no mortgage shall be insured under this section*
 5 *after the effective date of the Housing Act of 1954, except*
 6 *pursuant to a commitment to insure issued on or before such*
 7 *date."*

8 *AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT*

9 *SEC. 104. Section 203 (b) (2) of said Act, as amended,*
 10 *is hereby amended to read as follows:*

11 *"(2) Involve a principal obligation (including such*
 12 *initial service charges, appraisal, inspection, and other fees*
 13 *as the Commissioner shall approve) in an amount not to*
 14 *exceed \$20,000 in the case of property upon which there is*
 15 *located a dwelling designed principally (whether or not it may*
 16 *be intended to be rented temporarily for school purposes) for*
 17 *a one- or two-family residence; or \$27,500 in the case of a*
 18 *three-family residence; or \$35,000 in the case of a four-*
 19 *family residence; and not to exceed an amount equal to the*
 20 *sum of (i) 95 per centum of \$8,000 of the appraised value*
 21 *(as of the date the mortgage is accepted for insurance), and*
 22 *(ii) 75 per centum of such value in excess of \$8,000: Pro-*
 23 *vided, That the mortgagor shall have paid on account of the*
 24 *property at least 5 per centum (or such larger amount as the*
 25 *Commissioner may determine) of the Commissioner's estimate*

1 of the cost of acquisition in cash or its equivalent: And pro-
 2 vided further, That such mortgage shall not involve a princi-
 3 pal obligation exceeding the maximum amount prescribed by
 4 the provisions of this section 203 in effect prior to the effec-
 5 tive date of the Housing Act of 1954, unless the President,
 6 pursuant to section 201 of the Housing Act of 1954 has
 7 authorized a greater maximum amount, in which event such
 8 principal obligation shall not exceed such greater maximum
 9 amount."

10 SEC. 105. Section 203 (b) (3) of said Act, as amended,
 11 is hereby amended to read as follows:

12 "(3) Have a maturity satisfactory to the Commissioner,
 13 but not to exceed, in any event, thirty years from the date
 14 of the insurance of the mortgage: Provided, That the ma-
 15 turity of any such mortgage shall not exceed the maximum
 16 maturity prescribed therefor by the provisions of this sec-
 17 tion 203 in effect prior to the effective date of the Housing
 18 Act of 1954, unless the President, pursuant to section 201
 19 of the Housing Act of 1954, has authorized a greater ma-
 20 turity, in which event the maturity of such mortgage shall
 21 not exceed such greater maturity."

22 SEC. 106. Section 203 (b) (5) of said Act, as amended,
 23 is hereby amended to read as follows:

24 "(5) Bear interest (exclusive of premium charges for
 25 insurance, and service charges if any) at not to exceed 5

1 per centum per annum on the amount of the principal obli-
2 gation outstanding at any time, or not to exceed such per
3 centum per annum not in excess of 6 per centum as the
4 Commissioner finds necessary to meet the mortgage market.”

5 SEC. 107. Section 203 (c) of said Act, as amended, is
6 amended by striking out of the second sentence the word
7 “Provided” and inserting: “Provided, That debentures pre-
8 sented in payment of premium charges shall represent obli-
9 gations of the particular insurance fund to which such pre-
10 mium charges are to be credited: Provided further”.

11 SEC. 108. Section 203 (d) of said Act, as amended, is
12 hereby amended by striking the period at the end thereof
13 and inserting a colon and the following: “And provided fur-
14 ther, That no mortgage shall be insured pursuant to this sub-
15 section after the effective date of the Housing Act of 1954,
16 except pursuant to a commitment to insure issued on or be-
17 fore such date.”

18 SEC. 109. Subsections (f) and (g) of section 203 of said
19 Act, as amended, are hereby repealed.

20 SEC. 110. Section 203 of said Act, as amended, is hereby
21 further amended by adding the following new subsection at
22 the end thereof:

23 “(h) Notwithstanding any other provision of this sec-
24 tion, the Commissioner is authorized to insure any mortgage
25 which involves a principal obligation not in excess of

1 \$7,000 and not in excess of 100 per centum of the appraised
2 value of a property upon which there is located a dwelling
3 designed principally for a single-family residence, where the
4 mortgagor is the owner and occupant and establishes (to the
5 satisfaction of the Commissioner) that his home which he
6 occupied as an owner or as a tenant was destroyed or dam-
7 aged to such an extent that reconstruction is required as a
8 result of a flood, fire, hurricane, earthquake, storm, or other
9 catastrophe which the President, pursuant to section 2 (a)
10 of the Act entitled 'An Act to authorize Federal assistance
11 to States and local governments in major disasters and for
12 other purposes' (Public Law 875, Eighty-first Congress, ap-
13 proved September 30, 1950), as amended, has determined
14 to be a major disaster."

15 SEC. 111. Section 204 (a) of said Act, as amended,
16 is hereby amended—

17 (1) by striking out of the third sentence the words
18 "any mortgage insurance premiums paid after either
19 of such dates" and inserting "any mortgage insurance
20 premiums paid after either of such dates, and any tax
21 imposed by the United States upon any deed or other
22 instrument by which said property was acquired by the
23 mortgagee and transferred or conveyed to the Commis-
24 sioner";

25 (2) by striking out of the second proviso the words

1 *"or under section 213 of this Act," and inserting the fol-*
2 *lowing: "or under section 213 of this Act, or with re-*
3 *spect to any mortgage accepted for insurance under*
4 *section 203 on or after the effective date of the Housing*
5 *Act of 1954,"; and*

6 *(3) by striking the period at the end thereof and*
7 *inserting a colon and the following: "And provided*
8 *further, That, notwithstanding any requirement con-*
9 *tained in this Act that debentures may be issued only upon*
10 *acquisition of title and possession by the mortgagee and*
11 *its subsequent conveyance and transfer to the Commis-*
12 *sioner, and for the purpose of avoiding unnecessary con-*
13 *veyance expense in connection with payment of*
14 *insurance benefits under the provisions of this Act, the*
15 *Commissioner is authorized, subject to such rules and*
16 *regulations as he may prescribe, to permit the mortgagee*
17 *to tender to the Commissioner a satisfactory conveyance*
18 *of title and transfer of possession direct from the mort-*
19 *gagor or other appropriate grantor and to pay the*
20 *insurance benefits to the mortgagee which it would*
21 *otherwise be entitled to if such conveyance had been*
22 *made to the mortgagee and from the mortgagee to the*
23 *Commissioner."*

24 *SEC. 112. Section 204 (d) of said Act, as amended, is*

1 hereby amended by striking out of the second sentence
2 thereof the words "three years after the 1st day of July fol-
3 lowing the maturity date of the mortgage on the property in
4 exchange for which the debentures were issued, except that
5 debentures issued with respect to mortgages insured under
6 section 213 shall mature twenty years after the date of such
7 debentures" and inserting "ten years after the date thereof".

8 SEC. 113. Section 204 of said Act, as amended, is
9 hereby amended by adding at the end thereof the following
10 new subsection:

11 "(i) In the event that any mortgagee under a mortgage
12 insured under section 203 forecloses on the mortgaged prop-
13 erty but does not convey such property to the Commissioner
14 in accordance with this section, and the Commissioner is
15 given written notice thereof, or in the event that the mort-
16 gator pays the obligation under the mortgage in full prior to
17 the maturity thereof, and the mortgagee pays any adjusted
18 premium charge required under the provisions of section 203
19 (c), and the Commissioner is given written notice by the
20 mortgagee of the payment of such obligation, the obligation
21 to pay any subsequent premium charge for insurance shall
22 cease, and all rights of the mortgagee and the mortgagor
23 under this section shall terminate as of the date of such
24 notice."

1 *SEC. 114. Section 205 of said Act, as amended, is*
2 *hereby amended to read as follows:*

3 *"SEC. 205. (a) The Commissioner shall establish as of*
4 *July 1, 1954, in the Mutual Mortgage Insurance Fund a*
5 *General Surplus Account and a Participating Reserve Ac-*
6 *count. All of the assets of the General Reinsurance Account*
7 *shall be transferred to the General Surplus Account where-*
8 *upon the General Reinsurance Account shall be abolished.*
9 *There shall be transferred from the various group accounts to*
10 *the Participating Reserve Account as of July 1, 1954, an*
11 *amount equal to the aggregate amount which would have*
12 *been distributed under the provisions of section 205 in effect*
13 *on June 30, 1954, if all outstanding mortgages in such group*
14 *accounts had been paid in full on said date. All of the*
15 *remaining balances of said group accounts shall as of said date*
16 *be transferred to the General Surplus Account whereupon all*
17 *of said group accounts shall be abolished.*

18 *"(b) The aggregate net income thereafter received or*
19 *any net loss thereafter sustained by the Mutual Mortgage*
20 *Insurance Funds in any semiannual period shall be credited*
21 *or charged to the General Surplus Account and/or the Par-*
22 *ticipating Reserve Account in such manner and amounts as*
23 *the Commissioner may determine to be in accord with sound*
24 *actuarial and accounting practice.*

1 “(c) Upon termination of the insurance obligation of the
2 *Mutual Mortgage Insurance Fund* by payment of any mort-
3 *gage insured thereunder*, the Commissioner is authorized to
4 *distribute to the mortgagor a share of the Participating*
5 *Reserve Account in such manner and amount as the Com-*
6 *missioner shall determine to be equitable and in accordance*
7 *with sound actuarial and accounting practice: Provided,*
8 *That, in no event, shall any such distributable share exceed*
9 *the aggregate scheduled annual premiums of the mortgagor*
10 *to the year of termination of the insurance.*

11 “(d) No mortgagor or mortgagee of any mortgage in-
12 *sured under section 203 shall have any vested right in a*
13 *credit balance in any such account or be subject to any*
14 *liability arising out of the mutuality of the Fund and the*
15 *determination of the Commissioner as to the amount to be*
16 *paid by him to any mortgagor shall be final and conclusive.”*

17 SEC. 115. Section 207 (c) of said Act, as amended, is
18 *hereby amended—*

19 (1) by inserting before the semicolon at the end of
20 *paragraph numbered (2) a colon and the following:*

21 *“And provided further, That nothing contained in this*
22 *section shall preclude the insurance of mortgages covering*
23 *existing construction located in slum or blighted areas, as*
24 *defined in paragraph numbered (5) of subsection (a) of*
25 *this section, and the Commissioner may require such re-*

1 pair or rehabilitation work to be completed as is, in his
2 discretion, necessary to remove conditions detrimental to
3 safety, health, or morals";

4 (2) by striking out the word "Alaska" in para-
5 graph numbered (2) and inserting "Alaska, or in
6 Guam,"; and

7 (3) by striking out paragraph numbered (3) and
8 inserting the following:

9 "(3) not to exceed, for such part of such property
10 or project as may be attributable to dwelling use,
11 \$2,000 per room (or \$7,200 per family unit if the
12 number of rooms in such property or project is less
13 than four per family unit): Provided, That as to proj-
14 ects to consist of elevator type structures, the Commis-
15 sioner may, in his discretion, increase the dollar amount
16 limitation of \$2,000 per room to not to exceed \$2,400
17 per room and the dollar amount limitation of \$7,200 per
18 family unit to not to exceed \$7,500 per family unit, as
19 the case may be, to compensate for the higher costs inci-
20 dent to the construction of elevator type structures of
21 sound standards of construction and design: And pro-
22 vided further, That such mortgage shall not involve a
23 principal obligation exceeding the maximum amount pre-
24 scribed by the provisions of this section 207 in effect
25 prior to the effective date of the Housing Act of 1954,

1 unless the President, pursuant to section 201 of the
2 Housing Act of 1954 has authorized a greater maximum
3 amount, in which event such principal obligation shall
4 not exceed such greater maximum amount."

5 SEC. 116. Section 207 (d) of said Act, as amended,
6 is hereby amended by inserting the words "of the Housing
7 Insurance Fund" between the words "debentures" and
8 "issued" in the first sentence of such section.

9 SEC. 117. Section 207 (h) of said Act, as amended, is
10 hereby amended by striking out the period at the end of the
11 first sentence and adding the following: "and a reasonable
12 amount for necessary expenses incurred by the mortgagee in
13 connection with the foreclosure proceedings, or the acquisi-
14 tion of the mortgaged property otherwise, and the conveyance
15 thereof to the Commissioner."

16 SEC. 118. Section 212 (a) of said Act, as amended, is
17 hereby amended, by inserting at the end thereof the follow-
18 ing new sentence: "The provisions of this section shall also
19 apply to the insurance of any mortgage under section 220
20 which covers property on which there is located a dwelling
21 or dwellings designed principally for residential use for
22 twelve or more families."

23 SEC. 119. Section 213 (b) of said Act, as amended,
24 is hereby amended by striking clauses (1) and (2) and
25 inserting:

1 “(1) not to exceed \$5,000,000, or not to exceed
2 \$25,000,000 if the mortgage is executed by a mortgagor
3 regulated or supervised under Federal or State laws or
4 by political subdivisions of States or agencies thereof, as
5 to rents, charges, and methods of operations; and

6 “(2) not to exceed, for such part of such property
7 or project as may be attributable to dwelling use,
8 \$2,250 per room (or \$8,100 per family if the number
9 of rooms in such property or project is less than four
10 per family unit), and not to exceed 90 per centum of the
11 estimated value of the property or project when the pro-
12 posed improvements are completed: Provided, That if at
13 least 65 per centum of the membership of the corpora-
14 tion or number of beneficiaries of the trust consists of
15 veterans, the mortgage may involve a principal obligation
16 not to exceed \$2,375 per room (or \$8,550 per family
17 unit if the number of rooms in such property or project
18 is less than four per family unit), and not to exceed
19 95 per centum of the estimated value of the property or
20 project when the proposed physical improvements
21 are completed: Provided further, That as to proj-
22 ects which consist of elevator type structures, and
23 to compensate for the higher costs incident to
24 the construction of elevator type structures of
25 sound standards of construction and design, the

1 *Commissioner may, in his discretion, increase the afore-*
2 *said dollar amount limitations per room or per family*
3 *unit (as may be applicable to the particular case)*
4 *within the following limits: (i) \$2,250 per room to*
5 *not to exceed \$2,700; (ii) \$2,375 per room to not to*
6 *exceed \$2,850; (iii) \$8,100 per family unit to not to*
7 *exceed \$8,400; and (iv) \$8,550 per family unit to*
8 *not to exceed \$8,900: Provided further, That such*
9 *mortgage shall not involve a principal obligation exceed-*
10 *ing the maximum amount per room or per family unit*
11 *prescribed by the provisions of this section 213 in effect*
12 *prior to the effective date of the Housing Act of 1954,*
13 *unless the President, pursuant to section 201 of the*
14 *Housing Act of 1954, has authorized a greater maximum*
15 *amount, in which event such principal obligation shall*
16 *not exceed such greater maximum amount: And pro-*
17 *vided further, That for the purposes of this section the*
18 *word 'veteran' shall mean a person who has served in*
19 *the active military or naval service of the United States*
20 *at any time on or after September 16, 1940, and prior*
21 *to July 26, 1947, or on or after June 27, 1950, and*
22 *prior to such date thereafter as shall be determined by*
23 *the President."*

24 *SEC. 120. Section 213 (f) of said Act, as amended,*
25 *is hereby amended by striking the last sentence thereof.*

1 *SEC. 121. Section 217 of said Act, as amended, is*
2 *hereby amended to read as follows:*

3 *“SEC. 217. Notwithstanding limitations contained in any*
4 *other section of this Act on the aggregate amount of principal*
5 *obligations of mortgages or loans which may be insured (or*
6 *insured and outstanding at any one time), the aggregate*
7 *amount of principal obligations of all mortgages which may*
8 *be insured and outstanding at any one time under insurance*
9 *contracts or commitments to insure pursuant to any section*
10 *or title of this Act (except section 2) shall not exceed the*
11 *sum of (a) the outstanding principal balances, as of July 1,*
12 *1954, of all insured mortgages (as estimated by the Commis-*
13 *sioner based on scheduled amortization payments without*
14 *taking into account prepayments or delinquencies), (b) the*
15 *principal amount of all outstanding commitments to insure*
16 *on that date, and (c) \$1,500,000,000, except that with the*
17 *approval of the President such aggregate amount may be*
18 *increased by not to exceed \$500,000,000.*

19 *“It is the intent and purpose of this section to consoli-*
20 *date and merge all existing mortgage insurance authorizations*
21 *or existing limitations with respect to any section or title of*
22 *this Act (except section 2) into one general insurance*
23 *authorization to take the place of all existing authorizations*
24 *or limitations.”*

25 *SEC. 122. Section 219 of said Act, as amended, is*

1 hereby amended by striking out the words "or the Defense
2 Housing Insurance Fund," and inserting "the Defense Hous-
3 ing Insurance Fund, or the Section 220 Housing Insurance
4 Fund,".

5 SEC. 123. Title II of said Act, as amended, is hereby
6 amended by adding at the end thereof the following new
7 sections:

8 "REHABILITATION AND NEIGHBORHOOD CONSERVATION

9 HOUSING INSURANCE

10 "SEC. 220. (a) The purpose of this section is to sup-
11 plement the insurance of mortgages under sections 203 and
12 207 of this title by providing a system of mortgage insurance
13 to provide financial assistance in the rehabilitation of existing
14 dwelling accommodations and the construction of new dwell-
15 ing accommodations as an aid in the elimination of blight
16 and slum conditions and in the prevention of the deteriora-
17 tion of property located in an urban renewal area (as de-
18 fined in title I of the Housing Act of 1949, as amended) in
19 a community respecting which the Housing and Home
20 Finance Administrator has made the certification to the
21 Commissioner provided for by subsection 101 (c) of the
22 Housing Act of 1949, as amended.

23 "(b) The Commissioner is authorized, upon application
24 by the mortgagee, to insure, as hereinafter provided, any

1 mortgage (including advances during construction on mort-
2 gages covering property of the character described in para-
3 graph (3) (B) of subsection (d) of this section) which is
4 eligible for insurance as hereinafter provided, and, upon
5 such terms and conditions as he may prescribe, to make
6 commitments for the insurance of such mortgages prior to the
7 date of their execution or disbursement thereon: Provided,
8 That the property covered by the mortgage is in an urban
9 renewal area referred to in subsection (a) of this section.

10 “(c) As used in this section, the terms ‘mortgage’,
11 ‘first mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’,
12 and ‘State’ shall have the same meaning as in section 201 of
13 this Act.

14 “(d) To be eligible for insurance under this section a
15 mortgage shall meet the following conditions:

16 “(1) The mortgaged property shall be located in a
17 delineated area (within an urban renewal area as defined in
18 title I of the Housing Act of 1949, as amended) with respect
19 to which delineated area a specific plan of redevelopment or of
20 rehabilitation and conservation has been established to carry
21 out the purposes set forth in subsection (a) of this section:
22 Provided, That, in the opinion of the Commissioner (i) there
23 exist necessary authority and financial capacity to assure the
24 completion of such plan and (ii) such plan will be effective

1 to assure compliance with such standards and conditions as
2 the Commissioner may prescribe to establish the acceptability
3 of such property for mortgage insurance.

4 “(2) The mortgaged property shall be held by—

5 “(A) a mortgagor approved by the Commissioner,
6 and the Commissioner may in his discretion require such
7 mortgagor to be regulated or restricted as to rents or
8 sales, charges, capital structure, rate of return and meth-
9 ods of operations, and for such purpose the Commissioner
10 may make such contracts with and acquire for not to ex-
11 ceed \$100 stock or interest in any such mortgagor as the
12 Commissioner may deem necessary to render effective
13 such restriction or regulations. Such stock or interest
14 shall be paid for out of the Section 220 Housing In-
15 surance Fund and shall be redeemed by the mortgagor
16 at par upon the termination of all obligations of the
17 Commissioner under the insurance; or

18 “(B) by Federal or State instrumentalities, muni-
19 cipal corporate instrumentalities of one or more States,
20 or limited dividend or redevelopment or housing corpora-
21 tions restricted by Federal or State laws or regulations of
22 State banking or insurance departments as to rents,
23 charges, capital structure, rate of return, or methods of
24 operation.

25 “(3) The mortgage shall involve a principal obligation

1 (including such initial service charges, appraisal, inspection
2 and other fees as the Commissioner shall approve) in an
3 amount—

4 “(A) not to exceed \$20,000 in the case of prop-
5 erty upon which there is located a dwelling designed
6 principally for a one- or two-family residence; or
7 \$27,500 in the case of a three-family residence; or
8 \$35,000 in the case of a four-family residence; or in the
9 case of a dwelling designed principally for residential
10 use for more than four families (but not exceeding such
11 additional number of family units as the Commissioner
12 may prescribe) \$35,000 plus not to exceed \$7,000 for
13 each additional family unit in excess of four located on
14 such property; and not to exceed an amount equal to the
15 sum of (i) 95 per centum of \$8,000 of the appraised
16 value (as of the date the mortgage is accepted for insur-
17 ance) and (ii) 75 per centum of such value in excess of
18 \$8,000: Provided, That such mortgage shall not involve
19 a principal obligation exceeding the maximum amount
20 prescribed by the provisions of section 203 in effect prior
21 to the effective date of the Housing Act of 1954, unless
22 the President, pursuant to section 201 of the Housing
23 Act of 1954 has authorized a greater maximum amount,
24 in which event such principal obligation shall not exceed
25 such greater maximum amount; or

1 “(B) (i) not to exceed \$5,000,000, or, if executed
2 by a mortgagor coming within the provisions of para-
3 graph (2) (B) of this subsection (d), not to exceed
4 \$50,000,000; and

5 “(ii) not to exceed 90 per centum of the estimated
6 value of the property or project when the proposed
7 improvements are completed (the value of the property
8 or project may include the land, the proposed physical
9 improvements, utilities within the boundaries of the
10 property or project, architect's fees, taxes, and interest
11 during construction, and other miscellaneous charges
12 incident to construction and approved by the Commis-
13 sioner); and

14 “(iii) not to exceed, for such part of such property
15 or project as may be attributable to dwelling use, \$2,250
16 per room (or \$8,100 per family unit if the number of
17 rooms in such property or project is less than four per
18 family unit): Provided, That as to projects to consist
19 of elevator-type structures, the Commissioner may, in
20 his discretion, increase the dollar amount limitation of
21 \$2,250 per room to not to exceed \$2,700 per room
22 and the dollar amount limitation of \$8,100 per family
23 unit to not to exceed \$8,400 per family unit, as the
24 case may be, to compensate for the higher cost inci-
25 dent to the construction of elevator-type structures of

1 *sound standards of construction and design: Provided*
2 *further, That a mortgage coming within the provisions*
3 *of this paragraph (3) (B) shall not involve a principal*
4 *obligation exceeding the maximum amount prescribed*
5 *by the provisions of section 207 in effect prior to the*
6 *effective date of the Housing Act of 1954, unless the*
7 *President, pursuant to section 201 of the Housing Act*
8 *of 1954 has authorized a greater maximum amount, in*
9 *which event such principal obligation shall not exceed*
10 *such greater maximum amount: And provided further,*
11 *That nothing contained in paragraph (B) shall preclude*
12 *the insurance of mortgages covering existing multifamily*
13 *dwelling to be rehabilitated or reconstructed for the*
14 *purposes set forth in subsection (a) of this section.*

15 “(4) *The mortgage shall provide for complete amortiza-*
16 *tion by periodic payments within such terms as the Commis-*
17 *sioner may prescribe, but as to mortgages coming within the*
18 *provisions of paragraph (3) (A) of this subsection (d)*
19 *not to exceed the maximum maturity prescribed by the*
20 *provisions of section 203 in effect prior to the effective date*
21 *of the Housing Act of 1954, unless the President, pursuant*
22 *to section 201 of the Housing Act of 1954, has authorized a*
23 *greater maturity, in which event the maturity of such mort-*
24 *gage shall not exceed such greater maturity: Provided, That*
25 *such maturity shall not exceed, in any event, thirty years*

1 from the date of insurance of the mortgage. The mortgage
2 shall bear interest (exclusive of premium charges for insur-
3 ance and service charge, if any) at not to exceed 5 per
4 centum per annum on the amount of the principal obligation
5 outstanding at any time, or not to exceed such per centum per
6 annum not in excess of 6 per centum as the Commissioner
7 finds necessary to meet the mortgage market; contain such
8 terms and provisions with respect to the application of the
9 mortgagor's periodic payment to amortization of the principal
10 of the mortgage, insurance, repairs, alterations, payment of
11 taxes, default reserves, delinquency charges, foreclosure pro-
12 ceedings, anticipation of maturity, additional and secondary
13 liens, and other matters as the Commissioner may in his
14 discretion prescribe.

15 “(e) The Commissioner may at any time, under such
16 terms and conditions as he may prescribe, consent to the
17 release of the mortgagor from his liability under the mortgage
18 or the credit instrument secured thereby, or consent to the
19 release of parts of the mortgaged property from the lien of
20 the mortgage.

21 “(f) The mortgagee shall be entitled to receive the
22 benefits of the insurance as hereinafter provided—

23 “(1) as to mortgages meeting the requirements of
24 paragraph (3) (A) of subsection (d) of this section,
25 as provided in section 204 (a) of this Act with respect

1 to mortgages insured under section 203; and the pro-
 2 visions of subsections (b), (c), (d), (e), (f), (g),
 3 and (h) of section 204 of this Act shall be applicable to
 4 such mortgages insured under this section, except that
 5 all references therein to the Mutual Mortgage Insurance
 6 Fund or the Fund shall be construed to refer to the
 7 Section 220 Housing Insurance Fund and all references
 8 therein to section 203 shall be construed to refer to this
 9 section; or

10 “(2) as to mortgages meeting the requirements of
 11 paragraph (3) (B) of subsection (d) of this section,
 12 as provided in section 207 (g) of this Act with respect
 13 to mortgages insured under said section 207, and the
 14 provisions of subsections (h), (i), (j), (k), and (l)
 15 of section 207 of this Act shall be applicable to such
 16 mortgages insured under this section, and all references
 17 therein to the Housing Insurance Fund or the Housing
 18 Fund shall be construed to refer to the Section 220
 19 Housing Insurance Fund.

20 “(g) There is hereby created a Section 220 Housing
 21 Insurance Fund which shall be used by the Commissioner
 22 as a revolving fund for carrying out the provisions of this
 23 section, and the Commissioner is hereby authorized to transfer
 24 to such Fund the sum of \$1,000,000 from the War Housing

1 *Insurance Fund established pursuant to the provisions of*
2 *section 602 of this Act. General expenses of operation of*
3 *the Federal Housing Administration under this section may*
4 *be charged to the Section 220 Housing Insurance Fund.*

5 *“Moneys in the Section 220 Housing Insurance Fund*
6 *not needed for the current operations of the Federal Housing*
7 *Administration under this section shall be deposited with the*
8 *Treasurer of the United States to the credit of such Fund, or*
9 *invested in bonds or other obligations of, or in bonds or other*
10 *obligations guaranteed as to principal and interest by, the*
11 *United States. The Commissioner may, with the approval of*
12 *the Secretary of the Treasury, purchase in the open market*
13 *debentures issued under the provisions of this section. Such*
14 *purchases shall be made at a price which will provide an*
15 *investment yield of not less than the yield obtainable from*
16 *other investments authorized by this section. Debentures*
17 *so purchased shall be canceled and not reissued.*

18 *“Premium charges, adjusted premium charges, and ap-*
19 *praisal and other fees received on account of the insurance*
20 *of any mortgage accepted for insurance under this section,*
21 *the receipts derived from the property covered by such mort-*
22 *gage and claims assigned to the Commissioner in con-*
23 *nection therewith shall be credited to the Section 220 Hous-*
24 *ing Insurance Fund. The principal of, and interest paid*
25 *and to be paid on debentures issued under this section, cash*

1 *adjustments, and expenses incurred in the handling, manage-*
2 *ment, renovation, and disposal of properties acquired under*
3 *this section shall be charged to such Fund.*

4 “SEC. 221. (a) *This section is designed to supplement*
5 *systems of mortgage insurance under other provisions of the*
6 *National Housing Act in order to assist in relocating families*
7 *to be displaced as the result of governmental action in a com-*
8 *munity respecting which (1) the Housing and Home Finance*
9 *Administrator has made the certification to the Commissioner*
10 *provided for by subsection 101 (c) of the Housing Act of*
11 *1949, as amended, or (2) there is being carried out a project*
12 *covered by a Federal aid contract executed, or prior approval*
13 *granted, by the Housing and Home Finance Administrator*
14 *under title I of the Housing Act of 1949, as amended, before*
15 *the effective date of the Housing Act of 1954. Mortgage*
16 *insurance under this section shall be available only in those*
17 *localities or communities which shall have requested such*
18 *mortgage insurance to be provided: Provided, That the Com-*
19 *missioner shall prescribe such procedures as in his judgment*
20 *are necessary to secure to the families to be so displaced,*
21 *referred to above, a preference or priority of opportunity to*
22 *purchase or rent such dwelling units: And provided further,*
23 *That the total number of dwelling units in properties covered*
24 *by mortgages insured under this section in any such com-*
25 *munity shall not exceed the total number of such dwelling units*

1 *which the Commissioner determines to be needed for the reloca-*
2 *tion of families to be so displaced and who would be eligible*
3 *to obtain the benefits of the insurance authorized by this*
4 *section.*

5 “(b) The Commissioner is authorized, upon application
6 by the mortgagee, to insure under this section as hereinafter
7 provided any mortgage which is eligible for insurance as pro-
8 vided herein and, upon such terms and conditions as the
9 Commissioner may prescribe, to make commitments for the
10 insurance of such mortgages prior to the date of their execu-
11 tion or disbursement thereon.

12 “(c) As used in this section, the terms ‘mortgage’, ‘first
13 mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’ and
14 ‘State’ shall have the same meaning as in section 201 of this
15 Act.

16 “(d) To be eligible for insurance under this section, a
17 mortgage shall—

18 “(1) have been made to and be held by a mort-
19 gagee approved by the Commissioner as responsible and
20 able to service the mortgage properly;

21 “(2) involve a principal obligation (including such
22 initial service charges, appraisal, inspection, and other
23 fees as the Commissioner shall approve) in an amount
24 not to exceed \$7,600, except that the Commissioner may
25 by regulation increase this amount to not to exceed \$8,600

1 *in any geographical area where he finds that cost levels*
2 *so require, and not to exceed 100 per centum of the ap-*
3 *praised value (as of the date the mortgage is accepted for*
4 *insurance) of a property, upon which there is located a*
5 *dwelling designed principally for a single-family resi-*
6 *dence: Provided, That the mortgagor shall be the owner*
7 *and occupant of the property at the time of the insurance*
8 *and shall have paid on account of the property at least*
9 *\$200 (which amount may include amounts to cover settle-*
10 *ment costs and initial payments for taxes, hazard insur-*
11 *ance, mortgage insurance premium, and other prepaid*
12 *expenses): Provided further, That nothing contained*
13 *herein shall preclude the Commissioner from issuing a*
14 *commitment to insure and insuring a mortgage pursuant*
15 *thereto where the mortgagor is not the owner and occupant*
16 *and the property is to be built or acquired and repaired*
17 *or rehabilitated for sale and the insured mortgage financ-*
18 *ing is required to facilitate the construction or the repair*
19 *or rehabilitation of the dwelling and provide financing*
20 *pending the subsequent sale thereof to a qualified owner-*
21 *occupant, and in such instances the mortgage shall not*
22 *exceed 85 per centum of the appraised value; or*

23 *“(3) if executed by a mortgagor which is a private*
24 *nonprofit corporation or association or other acceptable*
25 *private nonprofit organization, regulated or supervised*

1 under Federal or State laws or by political subdivisions
2 of States or agencies thereof, as to rents, charges, and
3 methods of operation, in such form and in such manner
4 as, in the opinion of the Commissioner, will effectuate the
5 purposes of this section, the mortgage may involve a
6 principal obligation not in excess of \$5,000,000; and not
7 in excess of \$7,600 per family unit for such part of
8 such property or project as may be attributable to dwell-
9 ing use, except that the Commissioner may by regulation
10 increase this amount to not to exceed \$8,600 in any geo-
11 graphical area where he finds that cost levels so require,
12 and not in excess of 100 per centum of the Commis-
13 sioner's estimate of the value of the property or project
14 when repaired and rehabilitated for use as rental accom-
15 modations for ten or more families eligible for occupancy
16 as provided in this section; and

17 “(4) provide for complete amortization by periodic
18 payments within such terms as the Commissioner may
19 prescribe, but not to exceed forty years from the date
20 of insurance of the mortgage; bear interest (exclusive
21 of premium charges for insurance and service charge, if
22 any) at not to exceed 5 per centum per annum on the
23 amount of the principal obligation outstanding at any
24 time, or not to exceed such per centum per annum not
25 in excess of 6 per centum as the Commissioner finds

1 *necessary to meet the mortgage market; and contain such*
2 *terms and provisions with respect to the application of*
3 *the mortgagor's periodic payment to amortization of the*
4 *principal of the mortgage, insurance, repairs, alterations,*
5 *payment of taxes, default reserves, delinquency charges,*
6 *foreclosure proceedings, anticipation of maturity, addi-*
7 *tional and secondary liens, and other matters as the*
8 *Commissioner may in his discretion prescribe.*

9 “(e) *The Commissioner may at any time, under such*
10 *terms and conditions as he may prescribe, consent to the*
11 *release of the mortgagor from his liability under the mortgage*
12 *or the credit instrument secured thereby, or consent to the*
13 *release of parts of the mortgaged property from the lien*
14 *of the mortgage.*

15 “(f) *The property or project shall comply with such*
16 *standards and conditions as the Commissioner may prescribe*
17 *to establish the acceptability of such property for mortgage*
18 *insurance.*

19 “(g) *The mortgagee shall be entitled to receive the*
20 *benefits of the insurance as hereinafter provided—*

21 “(1) *as to mortgages meeting the requirements of*
22 *paragraph (2) of subsection (d) of this section, as*
23 *provided in section 204 (a) of this Act with respect to*
24 *mortgages insured under section 203; and the provisions*
25 *of subsection (b), (c), (d), (e), (f), (g), and (h)*

1 of section 204 of this Act shall be applicable to such
2 mortgages insured under this section, except that all
3 references therein to the Mutual Mortgage Insurance
4 Fund or the Fund shall be construed to refer to the
5 Section 221 Housing Insurance Fund and all references
6 therein to section 203 shall be construed to refer to this
7 section; or

8 “(2) as to mortgages meeting the requirements of
9 paragraph (3) of subsection (d) of this section, as
10 provided in section 207 (g) of this Act with respect to
11 mortgages insured under said section 207, and the pro-
12 visions of subsections (h), (i), (j), (k), and (l) of
13 section 207 of this Act shall be applicable to such mort-
14 gages insured under this section, and all references
15 therein to the Housing Insurance Fund or the Housing
16 Fund shall be construed to refer to the Section 221
17 Housing Insurance Fund; or

18 “(3) in the event any mortgage insured under this
19 section is not in default at the expiration of twenty years
20 from the date the mortgage was endorsed for insurance,
21 the mortgagee shall, within a period thereafter to be de-
22 termined by the Commissioner, have the option to as-
23 sign, transfer, and deliver to the Commissioner the
24 original credit instrument and the mortgage securing
25 the same and receive the benefits of the insurance as

hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December)

1 *which includes the issuance date of such debentures,*
2 *which applicable rate for each such six-month period*
3 *shall be determined by the Secretary of the Treasury*
4 *by estimating the average yield to maturity, on the*
5 *basis of daily closing market bid quotations or prices*
6 *during the month of May or the month of November, as*
7 *the case may be, next preceding such six-month period,*
8 *on all outstanding marketable obligations of the United*
9 *States having a maturity date of eight to twelve years*
10 *from the first day of such month of May or November*
11 *(or, if no such obligations are outstanding, the obligation*
12 *next shorter than eight years and the obligation next*
13 *longer than twelve years, respectively, shall be used),*
14 *and by adjusting such estimated average annual yield*
15 *to the nearest one-eighth of 1 per centum. The Com-*
16 *missioner shall have the same authority with respect to*
17 *mortgages assigned to him under this paragraph as con-*
18 *tained in section 207 (k) and section 207 (l) as to*
19 *mortgages insured by the Commissioner and assigned to*
20 *him under section 207 of this Act.*

21 “(h) *There is hereby created a Section 221 Housing*
22 *Insurance Fund which shall be used by the Commissioner*
23 *as a revolving fund for carrying out the provisions of this*
24 *section, and the Commissioner is hereby authorized to trans-*
25 *fer to such Fund the sum of \$1,000,000 from the War*

1 *Housing Insurance Fund established pursuant to the pro-*
2 *visions of section 602 of this Act. General expenses of op-*
3 *eration of the Federal Housing Administration under this*
4 *section may be charged to the Section 221 Housing Insurance*
5 *Fund.*

6 *“Moneys in the Section 221 Housing Insurnce Fund*
7 *not needed for the current operations of the Federal Housing*
8 *Administration under this section shall be deposited with*
9 *the Treasurer of the United States to the credit of such fund,*
10 *or invested in bonds or other obligations of, or in bonds or*
11 *other obligations guaranteed as to principal and interest by,*
12 *the United States. The Commissioner may, with the ap-*
13 *proval of the Secretary of the Treasury, purchase in the open*
14 *market debentures issued under the provisions of this section.*
15 *Such purchases shall be made at a price which will provide*
16 *an investment yield of not less than the yield obtainable from*
17 *other investments authorized by this section. Debentures*
18 *so purchased shall be canceled and not reissued.*

19 *“Premium charges, adjusted premium charges, and ap-*
20 *praisal and other fees received on account of the insurance*
21 *of any mortgage accepted for insurance under this section,*
22 *the receepts derived from the property covered by such mort-*
23 *gage and claims assigned to the Commissioner in connection*
24 *therewith shall be credited to the Section 221 Housing*
25 *Insurance Fund. The principal of, and interest paid and to*

1 *be paid on debentures issued under this section, cash adjust-*
 2 *ments, and expenses incurred in the handling, management,*
 3 *renovation, and disposal of properties acquired under this*
 4 *section shall be charged to such Fund."*

5 *SEC. 124. Title II of said Act, as amended, is hereby*
 6 *further amended by adding at the end thereof the following*
 7 *new section to transfer to title II the mortgage insurance*
 8 *program in connection with the sale of certain publicly*
 9 *owned property as contained in section 610 of title VI; the*
 10 *insurance of mortgages to refinance existing loans insured*
 11 *under section 608 of title VI and sections 903 and 908 of*
 12 *title IX; and to authorize the insurance under title II of*
 13 *mortgages assigned to the Commissioner under insurance*
 14 *contracts and mortgages held by the Commissioner in con-*
 15 *nection with the sale of property acquired under insurance*
 16 *contracts:*

17 *"MISCELLANEOUS HOUSING INSURANCE*

18 *"SEC. 222. (a) Notwithstanding any of the provisions*
 19 *of this title, and without regard to limitations upon eligibility*
 20 *contained in section 203 or section 207, the Commissioner is*
 21 *authorized, upon application by the mortgagee, to insure or*
 22 *make commitments to insure under section 203 or section*
 23 *207 of this title any mortgage—*

24 *(1) executed in connection with the sale by the*
 25 *Government, or any agency or official thereof, of any*

1 *housing acquired or constructed under Public Law 849,*
2 *Seventy-sixth Congress, as amended; Public Law 781,*
3 *Seventy-sixth Congress, as amended; or Public Laws 9,*
4 *73, or 353, Seventy-seventh Congress, as amended (in-*
5 *cluding any property acquired, held, or constructed in*
6 *connection with such housing or to serve the inhabitants*
7 *thereof); or*

8 *(2) executed in connection with the sale by the*
9 *Public Housing Administration, or by any public hous-*
10 *ing agency with the approval of the said Administration,*
11 *of any housing (including any property acquired, held, or*
12 *constructed in connection with such housing or to serve*
13 *the inhabitants thereof) owned or financially assisted*
14 *pursuant to the provisions of Public Law 671, Seventy-*
15 *sixth Congress; or*

16 *(3) executed in connection with the sale by the*
17 *Government, or any agency or official thereof, of any of*
18 *the so-called Greenbelt towns, or parts thereof, including*
19 *projects, or parts thereof, known as Greenhills, Ohio;*
20 *Greenbelt, Maryland; and Greendale, Wisconsin, devel-*
21 *oped under the Emergency Relief Appropriation Act of*
22 *1935, or of any of the village properties under the juris-*
23 *isdiction of the Tennessee Valley Authority; or*

24 *(4) executed in connection with the sale by a State*
25 *or municipality, or an agency, instrumentality, or politi-*

1 cal subdivision of either, of a project consisting of any
2 permanent housing (including any property acquired,
3 held, or constructed in connection therewith or to serve
4 the inhabitants thereof), constructed by or on behalf of
5 such State, municipality, agency, instrumentality, or
6 political subdivision, for the occupancy of veterans of
7 World War II, or Korean veterans, their families, and
8 others; or

9 (5) executed in connection with the first resale,
10 within two years from the date of its acquisition from the
11 Government, of any portion of a project or property of
12 the character described in paragraphs (1), (2), and
13 (3) above; or

14 (6) given to refinance an existing mortgage in-
15 sured under section 608 of title VI prior to the effective
16 date of the Housing Act of 1954 or under section 903
17 or section 908 of title IX: Provided, That the principal
18 amount of any such refinancing mortgage shall not ex-
19 ceed the original principal amount or the unexpired
20 term of such existing mortgage and shall bear interest
21 at a rate not in excess of the maximum rate applicable
22 to loans insured under section 203 or section 207, as the
23 case may be, except that in any case involving the re-
24 financing of a loan insured under section 608 or 908 in
25 which the Commissioner determines that the insurance

1 of a mortgage for an additional term will inure to the
2 benefit of the applicable insurance fund, taking into con-
3 sideration the outstanding insurance liability under the
4 existing insured mortgage, such refinancing mortgage
5 may have a term not more than twelve years in excess
6 of the unexpired term of such existing insured mortgage:
7 Provided, That a mortgage of the character described
8 in paragraph (1), (2), (3), (4), or (5) shall have
9 a maturity satisfactory to the Commissioner, but not to
10 exceed the maximum term applicable to loans insured
11 under section 203 or section 207, as the case may be,
12 and shall involve a principal obligation (including such
13 initial service charges, appraisal, inspection, and other
14 fees as the Commissioner shall approve) in an amount
15 not exceeding 90 per centum of the appraised value of
16 the mortgaged property, as determined by the Commis-
17 sioner, and bear interest (exclusive of premium charges
18 and service charges, if any) at not to exceed the maxi-
19 mum rate applicable to loans insured under section 203
20 or section 207, as the case may be.

21 “(b) The Commissioner shall also have authority to
22 insure under this title any mortgage assigned to him in con-
23 nection with payment under a contract of mortgage insurance
24 or executed in connection with the sale by him of any prop-
25 erty acquired under title I, title II, title VI, title VIII, or

1 title IX without regard to any limitation upon eligibility
2 contained in this title II."

3 SEC. 125. Title II of said Act, as amended, is hereby
4 amended by adding at the end thereof the following new
5 sections:

6 "INTEREST RATES AND MORTGAGE TERMS

7 "SEC. 223. The Commissioner shall make such rules and
8 regulations in connection with his functions under this Act
9 as may be necessary to carry out limitations relating thereto
10 established by the President pursuant to the authority vested
11 in him by section 201 of the Housing Act of 1954.

12 "OPEN-END MORTGAGES

13 "SEC. 224. Notwithstanding any other provisions of
14 this Act, in connection with any mortgage insured pursuant
15 to any section of this Act which covers a property upon
16 which there is located a dwelling designed principally for
17 residential use for not more than four families in the aggre-
18 gate, the Commissioner is authorized, upon such terms and
19 conditions as he may prescribe, to insure under said section
20 the amount of any advance for the improvement or repair
21 of such property made to the mortgagor pursuant to an 'open-
22 end' provision in the mortgage, and to add the amount of such
23 advance to the original principal obligation in determining
24 the value of the mortgage for the purpose of computing the
25 amounts of debentures and certificate of claim to which the

1 mortgagee may be entitled: *Provided, That the Commis-*
2 *sioner may require the payment of such charges, including*
3 *charges in lieu of insurance premiums, as he may consider*
4 *appropriate for the insurance of such 'open-end' advances:*
5 *And provided further, That the insurance of 'open-end'*
6 *advances shall not be taken into account in determining the*
7 *aggregate amount of principal obligations of mortgages which*
8 *may be insured under this Act."*

9 *ADDITIONAL AMENDMENTS RELATING TO FEDERAL*

10 *HOUSING ADMINISTRATION*

11 *SEC. 126. Title VI of said Act, as amended, is hereby*
12 *amended by adding the following new section at the end*
13 *thereof:*

14 *"SEC. 612. Notwithstanding any other provision of this*
15 *title, no mortgage or loan shall be insured under any section*
16 *of this title after the effective date of the Housing Act of*
17 *1954 except pursuant to a commitment to insure issued on*
18 *or before such date."*

19 *SEC. 127. Title VII of said Act, as amended, is hereby*
20 *repealed. The Housing Investment Insurance Fund estab-*
21 *lished to carry out the purposes of said title shall be*
22 *terminated as of the effective date of the Housing Act*
23 *of 1954, at which time all of the remaining assets of such*
24 *Fund, shall be transferred to the National Defense Hous-*

1 *ing Insurance Fund. The amount remaining of funds appro-*
2 *priated to the Secretary of the Treasury by the Supplemental*
3 *Appropriation Act, 1949 (Public Law 904, Eightieth Con-*
4 *gress), to be made available to the said Housing Investment*
5 *Insurance Fund shall be carried to the surplus fund of the*
6 *Treasury.*

7 *SEC. 128. Section 803 (a) of said Act, as amended, is*
8 *amended by striking out "July 1, 1954" and substituting*
9 *therefor "June 30, 1955".*

10 *SEC. 129. Section 104 of the Defense Housing and Com-*
11 *munity Facilities and Services Act of 1951, as amended, is*
12 *hereby amended by striking out the material within the*
13 *parentheses in clause (a) and substituting therefor "except*
14 *pursuant to a commitment to insure issued on or before*
15 *such date".*

16 *TITLE II—HOME MORTGAGE INTEREST RATES*
17 *AND TERMS*

18 *SEC. 201. On the basis of reviews, which shall be made*
19 *from time to time at the request of the President by a com-*
20 *mittee consisting of the Secretary of the Treasury, as Chair-*
21 *man, the Housing and Home Finance Administrator, and*
22 *the Administrator of Veterans' Affairs, of conditions affecting*
23 *the mortgage investment market (including current market*
24 *yields on comparable investments such as long-term obliga-*
25 *tions of the United States and of States and municipalities*

1 *and long-term corporate bonds), and after taking into con-*
2 *sideration conditions in the building industry and the national*
3 *economy, the President is hereby authorized, without regard*
4 *to any other provision of law except provisions hereafter*
5 *enacted expressly in limitation hereof, to establish from time*
6 *to time—*

7 (1) *the maximum rates of interest (exclusive of*
8 *premium charges for insurance and service charges, if*
9 *any) for various classifications of residential mortgage*
10 *loans insured or guaranteed or made under the National*
11 *Housing Act, as amended, or the Servicemen's Read-*
12 *justment Act of 1944, as amended: Provided, That no*
13 *such maximum rate of interest shall, at the time estab-*
14 *lished by the President, exceed 2½ per centum plus the*
15 *annual rate of interest determined by the Secretary of*
16 *the Treasury, at the request of the President, by esti-*
17 *imating the average yield to maturity, on the basis of*
18 *daily closing market bid quotations or prices during the*
19 *calendar month next preceding the establishment of such*
20 *maximum rate of interest, on all outstanding marketable*
21 *obligations of the United States having a maturity date*
22 *of fifteen years or more from the first day of such next*
23 *preceding month, and by adjusting such estimated aver-*
24 *age annual yield to the nearest one-eighth of 1 per*
25 *centum;*

1 (2) the maximum financing charges for various
2 classifications of loans as to which financial institutions
3 are insured against losses under title I of the National
4 Housing Act, as amended;

5 (3) the rate of interest for debentures issued under
6 the National Housing Act, as amended, in connection
7 with defaults upon mortgages insured thereunder: Pro-
8 vided, That no such rate shall, at the time established by
9 the President, exceed the annual rate of interest deter-
10 mined by the Secretary of the Treasury in the manner
11 set forth in numbered clause (1) of this section;

12 (4) the maximum fees and charges permitted to
13 cover the costs of the origination of, including the costs
14 of supervision of non-Government assisted construction
15 loan disbursements in connection with, residential mort-
16 gage loans insured or guaranteed under the National
17 Housing Act, as amended, or the Servicemen's Read-
18 justment Act of 1944, as amended, and the maximum
19 special service charges, if any, permitted in connection
20 with those mortgages insured under section 203 of said
21 National Housing Act for which such special service
22 charges may be found to be appropriate by the Presi-
23 dent on the basis of the low original principal amounts of
24 the mortgages or on the basis of other factors impeding
25 an adequate flow of credit for the type of housing in-

1 *involved and in connection with mortgages insured under*
2 *sections 220 or 221 of the National Housing Act, as*
3 *amended; and*

4 *(5) the maximum ratios of loan to value and the*
5 *maximum maturities with respect to residential mort-*
6 *gage loans eligible for assistance under the National*
7 *Housing Act, as amended, or the Servicemen's Read-*
8 *justment Act of 1944, as amended, and the maximum*
9 *dollar amount limitation per room or per family unit*
10 *with respect to such mortgage loans eligible for assistance*
11 *under the National Housing Act, as amended: Provided,*
12 *That no such maximum ratio of loan to value and no*
13 *such maximum dollar amount limitation in the case of*
14 *mortgages insured under the National Housing Act,*
15 *as amended, shall be in excess of the applicable maximum*
16 *ratio of loan to value or the applicable maximum dollar*
17 *amount limitation per room or per family unit pre-*
18 *scribed by that Act, and no such maximum maturity*
19 *shall be in excess of the applicable maximum maturity*
20 *prescribed by the National Housing Act, as amended,*
21 *or the Servicemen's Readjustment Act of 1944, as*
22 *amended: Provided further, That in establishing the*
23 *maximum ratio of loan to value there shall be accorded*
24 *to veterans obtaining loans made, guaranteed or in-*
25 *sured under the Servicemen's Readjustment Act of 1944,*

1 *as amended, a preference of not less than 5 per centum*
2 *on the first \$8,000 of the value of the related unit and*
3 *5 per centum of such value in excess of \$8,000: And*
4 *provided further, That no action by the President pur-*
5 *suant to this section shall apply with respect to loans*
6 *made, or loans with respect to which a contract of in-*
7 *surance or guaranty or a firm commitment to insure or*
8 *guarantee has been entered into, under the National*
9 *Housing Act, as amended, or the Servicemen's Readjust-*
10 *ment Act of 1944, as amended, prior to such action.*

11 *SEC. 202. The Servicemen's Readjustment Act of 1944,*
12 *as amended, is hereby amended by adding the following new*
13 *section at the end of title III:*

14 *"SEC. 515. With respect to mortgage loans for the pur-*
15 *chase or construction of residential property (not including*
16 *farm homes) guaranteed, insured, or made pursuant to this*
17 *title, the Administrator shall make such rules and regulations*
18 *concerning (1) maximum rates of interest for such residen-*
19 *tial mortgage loans, (2) maximum ratios of loan to value*
20 *and maximum maturities with respect to such residential*
21 *mortgage loans, and (3) maximum fees and charges per-*
22 *mitted to cover the costs of the origination of, and of the*
23 *supervision of construction loan disbursements in connection*

1 with, such residential mortgage loans as may be necessary
2 to carry out limitations relating thereto established by the
3 President pursuant to the authority vested in him by section
4 201 of the Housing Act of 1954.”

5 SEC. 203. Section 501 (b) of the Servicemen’s Read-
6 justment Act of 1944, as amended, is hereby amended to
7 read as follows:

8 “(b) Any loan made to a veteran for the purposes speci-
9 fied in subsection (a) of this section 501, may, notwith-
10 standing the provisions of subsection (a) of section 500
11 of this title relating to the percentage or aggregate amount
12 of loan to be guaranteed, be guaranteed, if otherwise made
13 pursuant to the provisions of this title, in an amount not
14 exceeding 60 per centum of the loan: Provided, That the
15 aggregate amount of any guaranties to a veteran under
16 this title shall not exceed \$7,500, nor shall any gratuities
17 payable under subsection (c) of section 500 of this title
18 exceed the amount which as payable on loans guaranteed
19 in accordance with the maxima provided for in subsec-
20 tion (a) of section 500 of this title.”

21 SEC. 204. Section 504 of the Housing Act of 1950, as
22 amended, is hereby repealed.

1 *TITLE III—FEDERAL NATIONAL MORTGAGE*
2 *ASSOCIATION*

3 *SEC. 301. Title III of the National Housing Act, as*
4 *amended, is hereby amended to read as follows:*

5 *“TITLE III—FEDERAL NATIONAL MORTGAGE*
6 *ASSOCIATION*

7 *“PURPOSES*

8 *“SEC. 301. The Congress hereby declares that the pur-*
9 *poses of this title are to establish in the Federal Government*
10 *a secondary market facility for home mortgages, to provide*
11 *that the operations of such facility shall be financed by*
12 *private capital to the maximum extent feasible, and to*
13 *authorize such facility to—*

14 *“(a) provide supplementary assistance to the sec-*
15 *ondary market for home mortgages by providing a*
16 *degree of liquidity for mortgage investments, thereby*
17 *improving the distribution of investment capital avail-*
18 *able for home mortgage financing;*

19 *“(b) provide special assistance (when, and to the*
20 *extent that, the President has determined that it is in*
21 *the public interest) for the financing of (1) selected*
22 *types of home mortgages (pending the establishment of*
23 *their marketability) originated under special housing*
24 *programs designed to provide housing of acceptable*
25 *standards at full economic costs for segments of the*

1 *national population which are unable to obtain adequate*
2 *housing under established home financing programs, and*
3 *(2) home mortgages generally as a means of retarding*
4 *or stopping a decline in mortgage lending and home*
5 *building activities which threatens materially the sta-*
6 *bility of a high level national economy; and*

7 *“(c) manage and liquidate the existing mortgage*
8 *portfolio of the Federal National Mortgage Association*
9 *in an orderly manner, with a minimum of adverse effect*
10 *upon the home mortgage market and minimum loss to*
11 *the Federal Government.*

12 *“CREATION OF ASSOCIATION*

13 *“SEC. 302. (a) There is hereby created a body corpo-*
14 *rate to be known as the ‘Federal National Mortgage Asso-*
15 *ciation’ (hereinafter referred to as the ‘Association’), which*
16 *shall be a constituent agency of the Housing and Home*
17 *Finance Agency. The Association shall have succession*
18 *until dissolved by Act of Congress. It shall maintain its*
19 *principal office in the District of Columbia and shall be*
20 *deemed, for purposes of venue in civil actions, to be a resi-*
21 *dent thereof. Agencies or offices may be established by the*
22 *Association in such other place or places as it may deem nec-*
23 *essary or appropriate in the conduct of its business.*

24 *“(b) For the purposes set forth in section 301 and*
25 *subject to the limitations and restrictions of this title, the*

1 Association is authorized to make commitments to purchase
2 and to purchase, service, or sell, any residential or home
3 mortgages (or participations therein) which are insured
4 under this Act, as amended, or which are insured or guar-
5 anteed under the Servicemen's Readjustment Act of 1944,
6 as amended: Provided, That (1) no mortgage may be pur-
7 chased at a price exceeding 100 per centum of the unpaid
8 principal amount thereof at the time of purchase, with ad-
9 justments for interest and any comparable items; and (2)
10 the Association may not purchase any mortgage if (i) it is
11 offered by, or covers property held by, a Federal, State,
12 territorial, or municipal instrumentality or (ii) the original
13 principal obligation thereof exceeds or exceeded \$15,000
14 for each family residence or dwelling unit covered by the
15 mortgage.

16 "CAPITALIZATION

17 "SEC. 303. (a) The Association shall have nonvoting
18 capital stock, to which the Secretary of the Treasury initially
19 shall subscribe as provided in subsections (d) and (e) of
20 this section. The stock of the Association shall have a par
21 value of \$100 per share, and shall not be transferable ex-
22 cept on the books of the Association. At the option of the
23 Association such stock shall be retireable at par value at any
24 time, except that retirements of stock (other than stock
25 held by the Secretary of the Treasury) shall not be made if,

1 *as a consequence thereof, the amount remaining outstand-*
2 *ing would be less than \$100,000,000. With respect to such*
3 *stock held by him, the Secretary of the Treasury shall be*
4 *entitled to cumulative dividends for each fiscal year or por-*
5 *tion thereof, from the date or dates the capital represented by*
6 *such stock is initially utilized, until such stock is retired, at*
7 *rates determined by him at the beginning of each such fiscal*
8 *year, taking into consideration the current average interest*
9 *rate on outstanding marketable obligations of the United*
10 *States as of the last day of the preceding fiscal year. The*
11 *Secretary of the Treasury shall permit the retirement of the*
12 *stock held by him in the manner provided in this section.*
13 *Funds of the capital surplus and the general surplus accounts*
14 *of the Association shall be available to retire the capital stock*
15 *held by the Secretary of the Treasury as rapidly as the*
16 *Association shall deem feasible.*

17 “(b) *The Association shall accumulate funds for its*
18 *capital surplus account from private sources by requiring*
19 *each mortgage seller to make payments of nonrefundable*
20 *capital contributions equal to not less than 3 per centum of*
21 *the unpaid principal amount of mortgages therein involved*
22 *in purchases or contracts for purchases between such seller*
23 *and the Association, or such greater percentage as may from*
24 *time to time be determined by the Association. In addition,*
25 *the Association may impose charges or fees for its services*

1 *with the objective that all costs and expenses of its operations*
2 *should be within its income derived from such operations*
3 *and that such operations should be fully self-supporting.*
4 *All earnings from the operations of the Association shall*
5 *annually be transferred to its general surplus account. At*
6 *any time, funds of the general surplus account may, in the*
7 *discretion of the board of directors, be transferred to reserves.*
8 *All dividends shall be charged against the general surplus*
9 *account. This subsection (b) shall not apply to the special*
10 *assistance functions of the Association under section 305 of*
11 *this title or to the management and liquidating functions of*
12 *the Association under section 306 of this title.*

13 “(c) *Until such time as all of the stock held by the Sec-*
14 *retary of the Treasury has been retired and the Secretary*
15 *of the Treasury does not hold any of the obligations of the*
16 *Association purchased under section 304 (c) of this title*
17 *the Association shall issue, from time to time, to each mort-*
18 *gage seller its convertible certificates (only in denominations*
19 *of \$100 or multiples thereof) evidencing any capital con-*
20 *tributions made by such seller pursuant to subsection (b) of*
21 *this section, which certificates shall not be transferable except*
22 *on the books of the Association. Subject to such terms and*
23 *conditions as may be prescribed by the board of directors,*
24 *such certificates shall be convertible into capital stock of the*
25 *Association having an equal par value, but no such conversion*

1 shall be permitted or made until such time as all of the
2 outstanding capital stock of the Association held by the Sec-
3 retary of the Treasury has been retired and the Secretary of
4 the Treasury does not hold any of the obligations of the Asso-
5 ciation purchased under section 304 (c) of this title. There-
6 after, the Association may effect the direct issuance of stock in
7 lieu of and in the same manner as is provided in this subsec-
8 tion for the issuance of convertible certificates. Such dividends
9 as may be declared by the board of directors in its discretion
10 shall be paid by the Association to its stockholders, but in any
11 one fiscal year the general surplus account of the Association
12 shall not be reduced through the payment of dividends (other
13 than to the Secretary of the Treasury) which exceed in the
14 aggregate 5 per centum of the par value of the outstanding
15 stock of the Association.

16 “(d) Within ninety days following the effective date of
17 the Housing Act of 1954, as of the day following a cutoff
18 date to be determined by the Association, the Association is
19 authorized and directed to issue and deliver to the Secretary
20 of the Treasury, and the Secretary of the Treasury is au-
21 thorized and directed to accept, capital stock of the Associa-
22 tion having an aggregate par value equal to the sum of (1)
23 the amount of \$21,000,000 (being the amount of the origi-
24 nal subscription for capital stock of \$20,000,000 and paid-in
25 surplus of \$1,000,000 of the Association) and (2) an

1 amount equal to the Association's surplus, surplus reserves,
2 and undistributed earnings, computed as of the close of the
3 cutoff date.

4 “(e) The capital stock of the Association delivered to
5 the Secretary of the Treasury pursuant to subsection (d) of
6 this section shall be in exchange for (1) the note or notes
7 evidencing the aforesaid original \$21,000,000 (upon which
8 the accrued interest shall have been paid through the cutoff
9 date referred to in subsection (d) of this section), and (2)
10 the release to the Association of any and all rights or claims
11 which the United States might otherwise have or claim in
12 and to the Association's capital, surplus, surplus reserves, and
13 undistributed earnings, computed as of the close of the afore-
14 said cutoff date.

15 “(f) Notwithstanding any other provision of law, any
16 institution, including a national bank or State member bank
17 of the Federal Reserve System, trust company, or other bank-
18 ing organization, organized under any law of the United
19 States, including the laws relating to the District of Columbia,
20 shall be authorized to make payments to the Association of the
21 nonrefundable capital contributions referred to in subsection
22 (b) of this section, to receive stock or convertible certificates
23 of the Association evidencing such capital contributions, and
24 to hold or dispose of such stock or certificates, subject to the
25 provisions of this title.

1 “(g) As promptly as practicable after all of the capital
2 stock of the Association held by the Secretary of the Treasury
3 has been retired, the Housing and Home Finance Adminis-
4 trator shall transmit to the President for submission to the
5 Congress recommendations for such legislation as may be
6 necessary or desirable to make appropriate provisions to
7 transfer to the owners of the outstanding capital stock of the
8 Association the assets and liabilities of the Association in con-
9 nection with, and the control and management of, the second-
10 ary market operations of the Association under section 304
11 of this title in order that such operations may thereafter be
12 carried out by a privately owned and privately financed
13 corporation.

14 “SECONDARY MARKET OPERATIONS

15 “SEC. 304. (a) To carry out the purposes set forth in
16 paragraph (a) of section 301, the operations of the Asso-
17 ciation under this section shall be confined, so far as prac-
18 ticable, to mortgages which are deemed by the Association
19 to be of such quality, type, and class as to meet, generally,
20 the purchase standards imposed by private institutional mort-
21 gage investors, and the Association shall not purchase any
22 mortgage insured or guaranteed prior to the effective date
23 of the Housing Act of 1954. In the interest of assuring
24 sound operation, the prices to be paid by the Association
25 for mortgages purchased in its secondary market operations

1 under this section, should be established, from time to time,
2 at the market price for the particular class of mortgages
3 involved, as determined by the Association. The volume
4 of the Association's purchases and sales, and the establish-
5 ment of the purchase prices, sale prices, and charges or fees,
6 in its secondary market operations under this section, should
7 be determined by the Association from time to time, and such
8 determinations should be consistent with the objectives that
9 such purchases and sales should be effected only at such
10 prices and on such terms as will reasonably prevent excessive
11 use of the Association's facilities, and that the operations of
12 the Association under this section should be within its in-
13 come derived from such operations and that such operations
14 should be fully self-supporting.

15 “(b) For the purposes of this section, the Association
16 is authorized to issue, upon the approval of the Secretary of
17 the Treasury, and have outstanding at any one time obliga-
18 tions having such maturities and bearing such rate or rates
19 of interest as may be determined by the Association with the
20 approval of the Secretary of the Treasury, to be redeemable
21 at the option of the Association before maturity in such
22 manner as may be stipulated in such obligations; but the
23 aggregate amount of obligations of the Association under this
24 subsection outstanding at any one time shall not exceed ten
25 times the sum of its capital, capital surplus, general surplus,

1 reserves, and undistributed earnings, and in no event shall
2 any such obligations be issued if, at the time of such pro-
3 posed issuance, and as a consequence thereof, the resulting
4 aggregate amount of its outstanding obligations under this
5 subsection would exceed the amount of the Association's own-
6 ership pursuant to this section, free from any liens or encum-
7 brances, of cash, mortgages, and bonds or other obligations
8 of, or bonds or other obligations guaranteed as to principal
9 and interest by, the United States. The Association shall
10 insert appropriate language in all of its obligations issued
11 under this subsection clearly indicating that such obligations,
12 together with the interest thereon, are not guaranteed by
13 the United States and do not constitute a debt or obligation
14 of the United States or of any agency or instrumentality
15 thereof other than the Association. The Association is
16 authorized to purchase in the open market any of its obli-
17 gations outstanding under this subsection at any time and
18 at any price.

19 “(c) The Secretary of the Treasury is authorized in
20 his discretion to purchase any obligations issued pursuant
21 to subsection (b) of this section, as now or hereafter in force,
22 and for such purpose the Secretary of the Treasury is au-
23 thorized to use as a public debt transaction the proceeds of
24 the sale of any securities hereafter issued under the Second

1 *Liberty Bond Act, as now or hereafter in force, and the pur-*
2 *poses for which securities may be issued under the Second*
3 *Liberty Bond Act, as now or hereafter in force, are ex-*
4 *tended to include such purchases. The Secretary of the*
5 *Treasury shall not at any time purchase any obligations*
6 *under this subsection if (1) all of the capital stock of the*
7 *Association held by the Secretary of the Treasury has been*
8 *retired, or (2) such purchase would increase the aggregate*
9 *principal amount of his then outstanding holdings of such*
10 *obligations under this subsection to an amount greater than*
11 *\$500,000,000 plus an amount equal to the total of such*
12 *reductions in the maximum dollar amount prescribed by*
13 *section 306 (c) as have theretofore been effected pursuant*
14 *to that section: Provided, That such aggregate principal*
15 *amount under this subsection (c) shall in not event exceed*
16 *\$1,000,000,000. Each purchase of obligations by the Sec-*
17 *retary of the Treasury under this subsection shall be upon*
18 *such terms and conditions as to yield a return at a rate*
19 *determined by the Secretary of the Treasury, taking into*
20 *consideration the current average rate on outstanding market-*
21 *able obligations of the United States as of the last day of*
22 *the month preceding the making of such purchase. The Sec-*
23 *retary of the Treasury may, at any time, sell, upon such*
24 *terms and conditions and at such price or prices as he shall*
25 *determine, any of the obligations acquired by him under*

1 *this subsection. All redemptions, purchases, and sales by*
2 *the Secretary of the Treasury of such obligations under this*
3 *subsection shall be treated as public debt transactions of the*
4 *United States.*

5 “(d) *The Association may not purchase participations*
6 *or make any advance contracts or commitments to purchase*
7 *mortgages for its operations under this section, except that*
8 *the Association may, in the discretion of its board of directors,*
9 *issue a purchase contract (which shall not be assignable or*
10 *transferable except with the consent of the Association) in*
11 *an amount not exceeding the amount of the sale of mortgages*
12 *purchased from the Association, entitling the holder thereof*
13 *to sell to the Association mortgages in the amount of the*
14 *contract, upon such terms and conditions as the Association*
15 *may prescribe.*

16 “SPECIAL ASSISTANCE FUNCTIONS

17 SEC. 305. (a) *To carry out the purposes set forth in*
18 *paragraph (b) of section 301, the President, after taking*
19 *into account (1) the conditions in the building industry and*
20 *the national economy and (2) conditions affecting the home*
21 *mortgage investment market, generally, or affecting various*
22 *types or classifications of home mortgages, or both, and after*
23 *determining that such action is in the public interest, may*
24 *under this section authorize the Association, for such period*
25 *of time and to such extent as he shall prescribe, to exercise*

1 its powers to make commitments to purchase and to purchase
2 such types, classes, or categories of home mortgages (includ-
3 ing participations therein) as he shall determine.

4 “(b) The operations of the Association under this sec-
5 tion shall be confined, so far as practicable, to mortgages
6 (including participations) which are deemed by the Asso-
7 ciation to be of such quality as to meet, substantially and
8 generally, the purchase standards imposed by private insti-
9 tutional mortgage investors but which, at the time of sub-
10 mission of the mortgages to the Association for purchase, are
11 not necessarily readily acceptable to such investors. Sub-
12 ject to the provisions of this section, the prices to be paid
13 by the Association for mortgages purchased in its opera-
14 tions under this section shall be established from time to
15 time by the Association. The Association shall impose
16 charges or fees for its services under this section with the
17 objective that all costs and expenses of its operations under
18 this section should be within its income derived from such
19 operations and that such operations should be fully self-
20 supporting.

21 “(c) The total amount of purchases and commitments
22 authorized by the President pursuant to subsection (a) of
23 this section shall not exceed \$200,000,000 outstanding at
24 any one time: Provided, That, notwithstanding such limita-
25 tion, the President pursuant to subsection (a) of this section

1 may also authorize the Association to exercise its powers
2 to enter into commitments to purchase immediate partici-
3 pations and to make related deferred participation agree-
4 ments as hereinafter in this subsection provided, but
5 only to the extent that the total amount of such immediate
6 participation commitments and purchases pursuant thereto
7 (but not including the amount of any related deferred par-
8 ticipation agreements or purchases pursuant thereto) shall
9 not in any event exceed \$100,000,000 outstanding at any
10 one time, and any such deferred participation agreements
11 shall be made by the Association only on the basis of a
12 commitment by it to purchase an immediate participation
13 of a 20 per centum undivided interest in each mortgage and
14 a related deferred participation agreement by the Asso-
15 ciation to purchase the remaining outstanding interest in
16 such mortgage conditional upon the occurrence of such a
17 default as gives rise to the right to foreclose.

18 “(d) The Association may issue to the Secretary of
19 the Treasury its obligations in an amount outstanding at any
20 one time sufficient to enable the Association to carry out
21 its functions under this section, such obligation to mature
22 not more than five years from their respective dates of issue,
23 to be redeemable at the option of the Association before
24 maturity in such manner as may be stipulated in such obliga-
25 tions. Each such obligation shall bear interest at a rate

1 *determined by the Secretary of the Treasury, taking into*
2 *consideration the current average rate on outstanding mar-*
3 *ketable obligations of the United States as of the last day*
4 *of the month preceding the issuance of the obligation of the*
5 *Association. The Secretary of the Treasury is authorized to*
6 *purchase any obligations of the Association to be issued under*
7 *this section, and for such purpose the Secretary of the Treas-*
8 *ury is authorized to use as a public debt transaction the*
9 *proceeds from the sale of any securities issued under the*
10 *Second Liberty Bond Act, as now or hereafter in force, and*
11 *the purposes for which securities may be issued under the*
12 *Second Liberty Bond Act, as now or hereafter in force, are*
13 *extended to include any purchases of the Association's*
14 *obligations hereunder.*

15 “MANAGEMENT AND LIQUIDATING FUNCTIONS

16 “SEC. 306. (a) *To carry out the purposes set forth in*
17 *paragraph (c) of section 301, the Association is authorized*
18 *and directed, as of the close of the cutoff date determined*
19 *by the Association pursuant to section 303 (d) of this title,*
20 *to establish separate accountability for all of its assets and*
21 *liabilities (exclusive of capital, surplus, surplus reserves, and*
22 *undistributed earnings to be evidenced by capital stock as*
23 *provided in section 303 (d) hereof, but inclusive of all rights*
24 *and obligations under any outstanding contracts), and to*
25 *maintain such separate accountability for the management*

1 *and orderly liquidation of such assets and liabilities as pro-*
2 *vided in this section.*

3 “(b) *For the purposes of this section and to assure that,*
4 *to the maximum extent, and as rapidly as possible, private*
5 *financing will be substituted for Treasury borrowings other-*
6 *wise required to carry mortgages held under the aforesaid*
7 *separate accountability, the Association is authorized to issue,*
8 *upon the approval of the Secretary of the Treasury, and have*
9 *outstanding at any one time obligations having such matu-*
10 *rities and bearing such rate or rates of interest as may be*
11 *determined by the Association with the approval of the Sec-*
12 *retary of the Treasury, to be redeemable at the option of the*
13 *Association before maturity in such manner as may be stipu-*
14 *lated in such obligations; but in no event shall any such*
15 *obligations be issued if, at the time of such proposed issuance,*
16 *and as a consequence thereof, the resulting aggregate amount*
17 *of its outstanding obligations under this subsection would*
18 *exceed the amount of the Association's ownership under the*
19 *aforesaid separate accountability, free from any liens or*
20 *encumbrances, of cash, mortgages, and bonds or other*
21 *obligations of, or bonds or other obligations guaranteed*
22 *as to principal and interest by, the United States. The pro-*
23 *ceeds of any private financing effected under this subsection*
24 *shall be paid to the Secretary of the Treasury in reduction of*
25 *the indebtedness of the Association to the Secretary of the*

1 *Treasury under the aforesaid separate accountability. The*
2 *Association shall insert appropriate language in all of its*
3 *obligations issued under this subsection clearly indicating*
4 *that such obligations, together with the interest thereon, are*
5 *not guaranteed by the United States and do not constitute a*
6 *debt or obligation of the United States or of any agency*
7 *or instrumentality thereof other than the Association. The*
8 *Association is authorized to purchase in the open market any*
9 *of its obligations outstanding under this subsection at any*
10 *time and at any price.*

11 “(c) *No mortgage shall be purchased by the Associa-*
12 *tion in its operations under this section except pursuant*
13 *to and in accordance with the terms of a contract or commit-*
14 *ment to purchase the same made prior to the cutoff date*
15 *provided for in section 303 (d), which contract or commit-*
16 *ment became a part of the aforesaid separate accountability,*
17 *and the total amount of mortgages and commitments held by*
18 *the Association under this section shall not, in any event,*
19 *exceed \$3,350,000,000: Provided, That such maximum*
20 *amount shall be progressively reduced by the amount of*
21 *cash realizations on account of principal of mortgages held*
22 *under the aforesaid separate accountability and by cancella-*
23 *tion of any commitments to purchase mortgages thereunder,*
24 *as reflected by the books of the Association, with the objective*
25 *that the entire aforesaid maximum amount shall be eliminated*

1 with the orderly liquidation of all mortgages held under the
2 aforesaid separate accountability: And provided further,
3 That nothing in this subsection shall preclude the Association
4 from granting such usual and customary increases in the
5 amounts of outstanding commitments (resulting from in-
6 creased costs or otherwise) as have theretofore been covered
7 by like increases in commitments granted by the agencies of
8 the Federal Government insuring or guaranteeing the mort-
9 gages. There shall be excluded from the total amounts set
10 forth in this subsection and subsection (e) of this section
11 the amounts of any mortgages otherwise transferred by law
12 to the Association and held under the aforesaid separate
13 accountability.

14 “(d) The Association may issue to the Secretary of the
15 Treasury its obligations in an amount outstanding at any
16 one time sufficient to enable the Association to carry out its
17 functions under this section, such obligations to mature not
18 more than five years from their respective dates of issue, to
19 be redeemable at the option of the Association before ma-
20 turity in such manner as may be stipulated in such obliga-
21 tions. Each such obligation shall bear interest at a rate
22 determined by the Secretary of the Treasury, taking into
23 consideration the current average rate on outstanding mar-
24 ketable obligations of the United States as of the last day of
25 the month preceding the issuance of the obligation of the

1 Association. The Secretary of the Treasury is authorized to
2 purchase any obligations of the Association to be issued
3 under this section, and for such purpose the Secretary of the
4 Treasury is authorized to use as a public debt transaction
5 the proceeds from the sale of any securities issued under the
6 Second Liberty Bond Act, as now or hereafter in force, and
7 the purposes for which securities may be issued under the
8 Second Liberty Bond Act, as now or hereafter in force, are
9 extended to include any purchases of the Association's obliga-
10 tions hereunder.

11 “(e) Of the \$3,650,000,000 total amount of invest-
12 ments, loans, purchases, and commitments heretofore au-
13 thorized to be outstanding at any one time under this title
14 III prior to the enactment of the Housing Act of 1954, a
15 total of not to exceed \$300,000,000 shall be applicable as
16 provided in section 305 of this title, and a total of not to ex-
17 ceed \$3,350,000,000 shall be applicable as provided in sub-
18 section (c) of this section.

19 “SEPARATE ACCOUNTABILITY

20 “SEC. 307. (a) The Association shall establish and at all
21 times maintain separate accountability for (1) its secondary
22 market operations authorized by section 304 hereof, (2) its
23 special assistance functions authorized by section 305 hereof,
24 and (3) its management and liquidating functions authorized
25 by section 306 hereof.

1 “(b) With respect to the functions or operations of the
2 Association under sections 305 and 306, respectively, of this
3 title, (1) there shall be no recourse to the capitalization of the
4 Association provided for by section 303 of this title, and (2)
5 mortgage sellers shall not be required to make payment to the
6 Association of the capital contributions provided for by sec-
7 tion 303 (b) of this title.

8 “(c) All of the benefits and burdens incident to the ad-
9 ministration of the functions and operations of the Associa-
10 tion under sections 305 and 306, respectively, of this title,
11 after allowance for related obligations of the Association, its
12 prorated expenses, and the like, including amounts required
13 for the establishment of such reserves as the board of directors
14 of the Association shall deem appropriate, shall inure solely
15 to the Secretary of the Treasury, and such related earnings or
16 other amounts as become available shall be paid annually by
17 the Association to the Secretary of the Treasury for covering
18 into miscellaneous receipts.

19 “BOARD OF DIRECTORS

20 “SEC. 308. (a) The Association shall have a Board
21 of Directors consisting of five persons, one of whom shall be
22 the Housing and Home Finance Administrator as Chairman
23 of the Board, and four of whom shall be appointed by said
24 Administrator from among the officers or employees of
25 the Association, of the immediate office of said Administrator,

1 or (with the consent of the head of such department or
2 agency) of any other department or agency of the Federal
3 Government. The board of directors shall meet at the call
4 of its chairman, who shall require it to meet not less often
5 than once each month. Within the limitations of law, the
6 board shall determine the general policies which shall govern
7 the operations of the Association. The chairman of the
8 board shall select and effect the appointment of qualified per-
9 sons to fill the offices of president and vice president, and
10 such other offices as may be provided for in the bylaws, with
11 such executive functions, powers, and duties as may be pre-
12 scribed by the bylaws or by the board of directors, and
13 such persons shall be the executive officers of the Associa-
14 tion and shall discharge all such executive functions, powers,
15 and duties. The basic rate of compensation of the position
16 of president of the Association shall be the same as the basic
17 rate of compensation established for the heads of the con-
18 stituent agencies of the Housing and Home Finance Agency.
19 The members of the board, as such, shall not receive com-
20 pensation for their services.

21 "GENERAL POWERS

22 "SEC. 309. (a) The Association shall have power to
23 adopt, alter, and use a corporate seal, which shall be judi-
24 cially noticed; by its board of directors, to adopt, amend, and
25 repeal bylaws governing the performance of the powers and

1 duties granted to or imposed upon it by law; to enter into
2 and perform contracts, leases, cooperative agreements, or
3 other transactions, on such terms as it may deem appropriate,
4 with any agency or instrumentality of the United States,
5 or with any State, territory, or possession, or with any
6 political subdivision thereof, or with any person, firm, asso-
7 ciation, or corporation; to execute, in accordance with its
8 bylaws, all instruments necessary or appropriate in the
9 exercise of any of its powers; in its corporate name, to sue
10 and to be sued, and to complain and to defend, in any court
11 of competent jurisdiction, State or Federal, but no attach-
12 ment, injunction, or other similar process, mesne or final,
13 shall be issued against the property of the Association or
14 against the Association with respect to its property; to con-
15 duct its business in any State of the United States, including
16 the District of Columbia, the Commonwealth of Puerto Rico,
17 and the territories and possessions of the United States; to
18 lease, purchase, or acquire any property, real, personal, or
19 mixed, or any interest therein, to hold, rent, maintain, mod-
20 ernize, renovate, improve, use, and operate such property, and
21 to sell, for cash or credit, lease, or otherwise dispose of the
22 same, at such time and in such manner as and to the extent
23 that the Association may deem necessary or appropriate; to
24 prescribe, repeal, and amend or modify, rules, regulations, or
25 requirements governing the manner in which its general busi-

1 *ness may be conducted; to accept gifts or donations of serv-*
2 *ices, or of property, real, personal, or mixed, tangible, or in-*
3 *tangible, in aid of any of the purposes of the Association; and*
4 *to do all things as are necessary or incidental to the proper*
5 *management of its affairs and the proper conduct of its*
6 *business.*

7 *“(b) Except as may be otherwise provided in this title,*
8 *in the Government Corporation Control Act, or in other*
9 *laws specifically applicable to Government corporations, the*
10 *Association shall determine the necessity for and the char-*
11 *acter and amount of its obligations and expenditures and the*
12 *manner in which they shall be incurred, allowed, paid, and*
13 *accounted for.*

14 *“(c) The Association, including its franchise, capital,*
15 *reserves, surplus, mortgages, and income shall be exempt*
16 *from all taxation now or hereafter imposed by the United*
17 *States, by any territory, dependency, or possession thereof,*
18 *or by any State, county, municipality, or local taxing author-*
19 *ity, except that (1) any real property of the Association*
20 *shall be subject to State, territorial, county, municipal, or*
21 *local taxation to the same extent according to its value as*
22 *other real property is taxed, and (2) the Association shall,*
23 *with respect to its secondary market operations under sec-*
24 *tion 304 after the cutoff date referred to in section 303 (d)*
25 *of this title, pay annually to the Secretary of the Treasury,*

1 for covering into miscellaneous receipts, an amount equiva-
2 lent to the amount of Federal income taxes for which it would
3 be subject if it were not exempt from such taxes with respect
4 to such secondary market operations.

5 “(d) The Chairman of the Board shall have power to
6 select and appoint or employ such officers, attorneys, em-
7 ployees, and agents, to vest them with such powers and
8 duties, and to fix and to cause the Association to pay such
9 compensation to them for their services, as he may deter-
10 mine, subject to the civil service and classification laws.
11 Bonds may be required for the faithful performance of their
12 duties, and the Association may pay the premiums therefor.
13 With the consent of any Government corporation or Federal
14 Reserve bank, or of any board, commission, independent
15 establishment, or executive department of the Government,
16 the Association may avail itself on a reimbursable basis of
17 the use of information, services, facilities, officers, and em-
18 ployees thereof, including any field service thereof, in carry-
19 ing out the provisions of this title.

20 “(e) No individual, association, partnership, or corpora-
21 tion, except the body corporate created by section 302 of
22 this title, shall hereafter use the words ‘Federal National
23 Mortgage Association’ or any combination of such words,
24 as the name or a part thereof under which he or it shall do
25 business. Every individual, partnership, association, or cor-

1 poration violating this prohibition shall be guilty of a mis-
2 demeanor and shall be punished by a fine of not exceeding
3 \$100 or imprisonment not exceeding thirty days, or both, for
4 each day during which such violation is committed or
5 repeated.

6 “(f) In order that the Association may be supplied with
7 such forms of obligations or certificates as it may need for
8 issuance under this title, the Secretary of the Treasury is
9 authorized, upon request of the Association, to prepare such
10 forms as shall be suitable and approved by the Association,
11 to be held in the Treasury subject to delivery, upon order
12 of the Association. The engraved plates, dies, bed pieces,
13 and other material executed in connection therewith shall
14 remain in the custody of the Secretary of the Treasury. The
15 Association shall reimburse the Secretary of the Treasury
16 for any expenses incurred in the preparation, custody, and
17 delivery of such forms.

18 “(g) The Federal Reserve banks are authorized and
19 directed to act as depositaries, custodians, and fiscal agents
20 for the Association in the general performance of its powers,
21 and the Association shall reimburse such Federal Reserve
22 banks for such services in such manner as may be agreed
23 upon.

1 “INVESTMENT OF FUNDS

2 “SEC. 310. *Moneys of the Association not invested in*
3 *mortgages or in operating facilities shall be kept in cash*
4 *on hand or on deposit, or invested in bonds or other obliga-*
5 *tions of, or in bonds or other obligations guaranteed as to*
6 *principal and interest by, the United States.*

7 “OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

8 “SEC. 311. *All obligations issued by the Association*
9 *shall be lawful investments, and may be accepted as security*
10 *for all fiduciary, trust, and public funds, the investment or*
11 *deposit of which shall be under the authority and control of*
12 *the United States or any officer or officers thereof.*

13 “SHORT TITLE

14 “SEC. 312. *This title III may be referred to as the*
15 *‘Federal National Mortgage Association Charter Act’.*”

16 SEC. 302. *The Federal National Mortgage Association,*
17 *established pursuant to the provisions of title III of the Na-*
18 *tional Housing Act as in effect prior to July 1, 1948, and*
19 *named in section 101 of the Government Corporation Control*
20 *Act, as amended, shall be the body corporate referred to in*
21 *section 302 of title III of the National Housing Act, as*
22 *amended by the Housing Act of 1954.*

1 *SEC. 303. The penultimate sentence of paragraph*
2 *Seventh of section 5136 of the Revised Statutes, as amended,*
3 *is hereby amended by striking "or obligations of national*
4 *mortgage associations" and inserting "or obligations of the*
5 *Federal National Mortgage Association".*

6 *SEC. 304. (a) Subsection (h) of section 11 of the*
7 *Federal Home Loan Bank Act, as amended, is hereby*
8 *amended by inserting after "in obligations of the United*
9 *States" a comma and the following: "in obligations of the*
10 *Federal National Mortgage Association,". The last sentence*
11 *of section 16 of said Act is amended by inserting after "in*
12 *direct obligations of the United States" a comma and the*
13 *following: "in obligations of the Federal National Mortgage*
14 *Association,".*

15 *(b) The first paragraph of subsection (c) of section 5*
16 *of the Home Owners' Loan Act of 1933, as amended, is*
17 *hereby amended by inserting in the second proviso before*
18 *the colon and after "Federal Home Loan Bank" the follow-*
19 *ing: "or in the obligations of the Federal National Mortgage*
20 *Association".*

21 *SEC. 305. Subsection (b) of section 2 of the Alaska*
22 *Housing Act, as amended, is hereby repealed.*

23 *SEC. 306. Public Law 243, Eighty-second Congress, ap-*
24 *proved October 30, 1951, as amended, is hereby repealed.*

25 *SEC. 307. The functions of the Housing and Home*

1 *Finance Administrator (including the function of making*
2 *payments to the Secretary of the Treasury) under section 2 of*
3 *Reorganization Plan Numbered 22 of 1950, together with the*
4 *notes and capital stock of the Federal National Mortgage*
5 *Association held by said Administrator thereunder, are*
6 *hereby transferred to the Federal National Mortgage*
7 *Association.*

8 *TITLE IV—SLUM CLEARANCE AND URBAN*
9 *RENEWAL*

10 *SEC. 401. The heading of title I of the Housing Act of*
11 *1949, as amended, is hereby amended to read "TITLE I—*
12 *SLUM CLEARANCE AND URBAN RENEWAL".*

13 *SEC. 402. Title I of said Act, as amended, is hereby*
14 *amended by inserting the following new section immediately*
15 *after the heading of title I:*

16 *"URBAN RENEWAL FUND*

17 *"SEC. 100. The authorizations, funds, and appropriations*
18 *available pursuant to sections 103 and 104 hereof shall con-*
19 *stitute a fund, to be known as the 'Urban Renewal Fund',*
20 *and shall be available for advances, loans, and capital grants*
21 *to local public agencies for urban renewal projects in ac-*
22 *cordance with the provisions of this title, and all contracts,*
23 *obligations, assets, and liabilities existing under or pursuant*
24 *to said sections prior to the enactment of the Housing Act*
25 *of 1954 are hereby transferred to said Fund."*

1 *SEC. 403. Section 101 of said Act, as amended, is hereby*
2 *amended to read as follows:*

3 *“SEC. 101. (a) In entering into any contract for ad-*
4 *vances for surveys, plans, and other preliminary work for*
5 *projects under this title, the Administrator shall give con-*
6 *sideration to the extent to which appropriate local public*
7 *bodies have undertaken positive programs (through the adop-*
8 *tion, modernization, administration, and enforcement of hous-*
9 *ing, zoning, building and other local laws, codes and regula-*
10 *tions relating to land use and adequate standards of health,*
11 *sanitation, and safety for buildings, including the use and*
12 *occupancy of dwellings) for (1) preventing the spread or*
13 *recurrence in the community of slums and blighted areas,*
14 *and (2) encouraging housing cost reductions through the*
15 *use of appropriate new materials, techniques, and methods in*
16 *land and residential planning, design, and construction, the*
17 *increase of efficiency in residential construction, and the*
18 *elimination of restrictive practices which unnecessarily in-*
19 *crease housing costs.*

20 *“(b) In the administration of this title, the Adminis-*
21 *trator shall encourage the operations of such local public*
22 *agencies as are established on a State, or regional (within a*
23 *State), or unified metropolitan basis or as are established on*
24 *such other basis as permits such agencies to contribute effec-*
25 *tively toward the solution of community development or*

1 redevelopment problems on a State, or regional (within a
2 State), or unified metropolitan basis.

3 “(c) No contract shall be entered into for any loan or
4 capital grant under this title, or for annual contributions or
5 capital grants pursuant to the United States Housing Act of
6 1937, as amended, for any project or projects not constructed
7 or covered by a contract for annual contributions prior to the
8 effective date of the Housing Act of 1954, and no mortgage
9 shall be insured, and no commitment to insure a mortgage
10 shall be issued, under sections 220 or 221 of the National
11 Housing Act, as amended, unless (1) there is presented to the
12 Administrator by the locality a workable program (which
13 shall include an official plan of action, as it exists from time
14 to time, for effectively dealing with the problem of urban
15 slums and blight within the community and for the establish-
16 ment and preservation of a well-planned community with
17 well-organized residential neighborhoods of decent homes and
18 suitable living environment for adequate family life) for
19 utilizing appropriate private and public resources to eliminate,
20 and prevent the development or spread of, slums and urban
21 blight, to encourage needed urban rehabilitation, to provide
22 for the redevelopment of blighted, deteriorated, or slum areas,
23 or to undertake such of the aforesaid activities or other
24 feasible community activities as may be suitably employed
25 to achieve the objectives of such a program, and (2) on the

1 basis of his review of such program, the Administrator de-
2 termines that such program meets the requirements of this
3 subsection and certifies to the constituent agencies affected that
4 the Federal assistance may be made available in such com-
5 munity: Provided, That this sentence shall not apply to the
6 insurance of, or commitment to insure, a mortgage under
7 section 221 of the National Housing Act, as amended, if the
8 mortgaged property is in a community referred to in clause
9 (2) of section 221 (a).

10 “(d) The Administrator is authorized to establish facil-
11 ities (1) for furnishing to communities, at their request, an
12 urban renewal service to assist them in the preparation of a
13 workable program as referred to in the preceding subsection
14 and to provide them with technical and professional assist-
15 ance for planning and developing local urban renewal pro-
16 grams, and (2) for the assembly, analysis and reporting of
17 information pertaining to such programs.”

18 SEC. 404. Section 102 of said Act, as amended, is
19 hereby amended—

20 (1) by amending the first sentence in subsection
21 (a) to read as follows: “To assist local communities in
22 the elimination of slums and blighted or deteriorated or
23 deteriorating areas, in preventing the spread of slums,
24 blight or deterioration, and in providing maximum
25 opportunity for the redevelopment, rehabilitation, and

1 *conservation of such areas by private enterprise, the Ad-*
2 *ministrator may make temporary and definitive loans to*
3 *local public agencies in accordance with the provisions*
4 *of this title for the undertaking of urban renewal*
5 *projects.”;*

6 *(2) by inserting in the second sentence of subsec-*
7 *tion (a) before the word “expenditures” the word “esti-*
8 *mated” and by inserting after the word “bonds” the*
9 *words “or other obligations”;*

10 *(3) by striking out “new uses of land in the project*
11 *area” at the end of the first sentence of subsection (b)*
12 *and inserting “new uses of such land in the project*
13 *area”;*

14 *(4) by striking out the words “bear interest as such*
15 *rate” in the second sentence of subsection (b) and*
16 *inserting “bear interest at such rate”; and*

17 *(5) by amending subsection (d) to read as follows:*

18 *“(d) The Administrator may make advances of*
19 *funds to local public agencies for surveys and plans for*
20 *urban renewal projects which may be assisted under this*
21 *title, including, but not limited to, (i) plans for carrying*
22 *out a program of voluntary repair and rehabilitation of*
23 *buildings and improvements, (ii) plans for the enforce-*
24 *ment of State and local laws, codes, and regulations re-*
25 *lating to the use of land and the use and occupancy of*

1 *buildings and improvements, and to the compulsory re-*
2 *pair, rehabilitation, demolition, or removal of buildings*
3 *and improvements, and (iii) appraisals, title searches,*
4 *and other preliminary work necessary to prepare for the*
5 *acquisition of land in connection with the undertaking of*
6 *such projects. The contract for any such advance of*
7 *funds shall be made upon the condition that such advance*
8 *of funds shall be repaid, with interest at not less than the*
9 *applicable going Federal rate, out of any moneys which*
10 *become available to the local public agency for the*
11 *undertaking of the project involved."*

12 *SEC. 405. Subsection (a) of section 103 of said Act, as*
13 *amended, is hereby amended to read as follows:*

14 *"(a) The Administrator may make capital grants to*
15 *local public agencies in accordance with the provisions of*
16 *this title for urban renewal projects: Provided, That the*
17 *Administrator shall not make any contract for capital grant*
18 *with respect to a project which consists of open land under*
19 *clause (1) (iii) of the second sentence of section 110 (c).*
20 *The aggregate of such capital grants with respect to all the*
21 *projects of a local public agency on which contracts for cap-*
22 *ital grants have been made under this title shall not exceed*
23 *two-thirds of the aggregate of the net project costs of such*
24 *projects, and the capital grant with respect to any individual*
25 *project shall not exceed the difference between the net*

1 project cost and the local grants-in-aid actually made with
2 respect to the project.”.

3 SEC. 406. Section 104 of said Act, as amended, is
4 hereby amended by striking “section 110 (f) of land” and
5 inserting “section 110 (f) of the property”.

6 SEC. 407. Section 105 of said Act, as amended, is here-
7 by amended—

8 (1) by striking “Contracts for financial aid” and
9 inserting “Contracts for loans or capital grants”;

10 (2) by amending subsections (a) and (b) to read
11 as follows:

12 “(a) The urban renewal plan (including any re-
13 development plan constituting a part thereof) for the
14 urban renewal area be approved by the governing body
15 of the locality in which the project is situated, and that
16 such approval include findings by the governing body
17 that (i) the financial aid to be provided in the contract
18 is necessary to enable the project to be undertaken in
19 accordance with the urban renewal plan; (ii) the
20 urban renewal plan will afford maximum opportunity,
21 consistent with the sound needs of the locality as a
22 whole, for the rehabilitation or redevelopment of the
23 urban renewal area by private enterprise; and (iii)
24 the urban renewal plan conforms to a general plan for
25 the development of the locality as a whole;

1 “(b) When real property acquired or held by the
 2 local public agency in connection with the project is sold
 3 or leased, the purchasers or lessees and their assignees
 4 shall be obligated (i) to devote such property to the uses
 5 specified in the urban renewal plan for the project area;
 6 (ii) to begin within a reasonable time any improve-
 7 ments on such property required by the urban renewal
 8 plan; and (iii) to comply with such other conditions as
 9 the Administrator finds, prior to the execution of the
 10 contract for loan or capital grant pursuant to this title,
 11 are necessary to carry out the purposes of this title:
 12 Provided, That clauses (ii) and (iii) of this subsection
 13 shall not apply to mortgagees and others who acquire an
 14 interest in such property as the result of the enforcement
 15 of any lien or claim thereon;”;

16 (3) by striking the word “project” wherever it
 17 appears in subsection (c) and inserting the term “urban
 18 renewal”; and

19 (4) by striking out the proviso at the end of sub-
 20 section (c), and substituting a period for the colon pre-
 21 ceding said proviso.

22 SEC. 408. Section 106 of said Act, as amended, is
 23 hereby amended by inserting the following proviso before
 24 the period at the end of subsection (b): “: Provided, That
 25 necessary expenses of inspections and audits, and of provid-

1 ing representatives at the site, of projects being planned or
 2 undertaken by local public agencies pursuant to this title
 3 shall be compensated by such agencies by the payment of
 4 fixed fees which in the aggregate will cover the costs of
 5 rendering such services, and such expenses shall be considered
 6 nonadministrative; and for the purpose of providing such in-
 7 spections and audits and of providing representatives at the
 8 sites, the Administrator may utilize any agency and such
 9 agency may accept reimbursement or payment for such
 10 services from such local public agencies or the Administrator,
 11 and credit such amounts to the appropriations or funds against
 12 which such charges have been made”.

13 SEC. 409. Section 107 of said Act, as amended, is hereby
 14 amended by striking out the word “redevelopment plan”
 15 and inserting “urban renewal plan”.

16 SEC. 410. Section 109 of said Act, as amended, is hereby
 17 amended to read as follows:

18 “SEC. 109. In order to protect labor standards—

19 . “(a) any contract for loan or capital grant pursuant
 20 to this title shall contain a provision requiring that not
 21 less than the salaries prevailing in the locality, as deter-
 22 mined or adopted (subsequent to a determination under
 23 applicable State or local law) by the Administrator, shall
 24 be paid to all architects, technical engineers, draftsmen,
 25 and technicians employed in the development of the

1 *project involved and shall also contain a provision that*
2 *not less than the wages prevailing in the locality, as prede-*
3 *termined by the Secretary of Labor pursuant to the*
4 *Davis-Bacon Act (49 Stat. 1011), shall be paid to all*
5 *laborers and mechanics, except such laborers or me-*
6 *chanics who are employees of municipalities or other*
7 *local public bodies, employed in the development of*
8 *the project involved for work financed in whole or in*
9 *part with funds made available pursuant to this title;*
10 *and the Administrator shall require certification as to*
11 *compliance with the provisions of this paragraph prior*
12 *to making any payment under such contract; and*

13 *“(b) the provisions of title 18, United States Code,*
14 *section 874, and of title 40, United States Code, section*
15 *276c, shall apply to work financed in whole or in part*
16 *with funds made available for the development of a*
17 *project pursuant to this title.”.*

18 *SEC. 411. Section 110 of said Act, as amended, is hereby*
19 *amended to read as follows:*

20 *“SEC. 110. The following terms shall have the meanings,*
21 *respectively, ascribed to them below, and, unless the context*
22 *clearly indicates otherwise, shall include the plural as well*
23 *as the singular number:*

24 *“(a) ‘Urban renewal area’ means an urban area that*

1 (1) the governing body of the locality determines to be
2 blighted, deteriorated, or deteriorating and designates as ap-
3 propriate for an urban renewal project, and (2) the Admin-
4 istrator approves as appropriate for a project under this title.

5 “(b) ‘Urban renewal plan’ means a plan, as it exists
6 from time to time, for an urban renewal project, which plan
7 (1) shall conform to the general plan of the locality as a
8 whole and to the workable program referred to in section 101
9 hereof; (2) shall be sufficiently complete to indicate such
10 land acquisition, demolition and removal of structures, re-
11 development, improvements, and rehabilitation as may be
12 proposed to be carried out in the urban renewal area, zoning
13 and planning changes, if any, land uses, maximum densities,
14 building requirements, and the plan’s relationship to definite
15 local objectives respecting appropriate land uses, improved
16 traffic, public transportation, public utilities, recreational and
17 community facilities, and other public improvements; and
18 (3) shall include, for any part of the urban renewal area
19 proposed to be acquired and redeveloped in accordance with
20 clause (1) of the second sentence of subsection (c) of this
21 section, a redevelopment plan approved by the governing
22 body of the locality.

23 “(c) ‘Urban renewal project’ or ‘project’ may include
24 undertakings and activities of a local public agency in an

1 urban renewal area for the elimination and for the preven-
2 tion of the development or spread of slums and blight, in
3 accordance with an urban renewal plan to achieve sound
4 community objectives for the establishment and preservation
5 of well-planned residential neighborhoods of decent homes
6 and suitable living environment for adequate family life, and
7 may involve slum clearance and redevelopment in an urban
8 renewal area, or rehabilitation or conservation in an urban
9 renewal area, or any combination or part thereof, in accord-
10 ance with such urban renewal plan. For the purposes of this
11 subsection, 'slum clearance and redevelopment' may include
12 (1) acquisition of (i) a slum area or a deteriorated or
13 deteriorating area, or (ii) land which is either open or pre-
14 dominantly open and which because of obsolete platting,
15 diversity of ownership, deterioration of structures or of site
16 improvements, or otherwise, substantially impairs or arrests
17 the sound growth of the community, or (iii) open land neces-
18 sary for sound community growth which is to be developed
19 for predominantly residential uses: Provided, That the
20 requirement in paragraph (a) of this section that the area
21 be blighted, deteriorated, or deteriorating shall not be
22 applicable in the case of an open land project; (2) demo-
23 lition and removal of buildings and improvements; (3)
24 installation, construction, or reconstruction of streets, utilities,
25 parks, playgrounds, and other improvements necessary for

1 carrying out in the area the urban renewal objectives of this
2 title in accordance with the urban renewal plan; and (4)
3 making the land available for development or redevelopment
4 by private enterprise or public agencies (including sale,
5 initial leasing, or retention by the local public agency itself)
6 at its fair value for uses in accordance with the urban renewal
7 plan. For the purposes of this subsection, 'rehabilitation' or
8 'conservation' may include the restoration and renewal of a
9 blighted, deteriorated, or deteriorating area by (1) carrying
10 out plans for a program of voluntary repair and rehabilita-
11 tion of buildings or other improvements in accordance with
12 the urban renewal plan; (2) acquisition of real property and
13 demolition or removal of buildings and improvements thereon
14 where necessary to eliminate unhealthful, insanitary or unsafe
15 conditions, lessen density, eliminate obsolete or other uses
16 detrimental to the public welfare, or to otherwise remove or
17 prevent the spread of blight or deterioration, or to provide
18 land for needed public facilities; (3) installation, construc-
19 tion, or reconstruction, of such improvements as are described
20 in clause (3) of the preceding sentence; and (4) the disposi-
21 tion of any property acquired in such urban renewal area
22 (including sale, initial leasing, or retention by the local public
23 agency itself) at its fair value for uses in accordance with
24 the urban renewal plan.

25 "For the purposes of this title, the term 'project' shall

1 not include the construction or improvement of any building,
2 and the term 'redevelopment' and derivatives thereof shall
3 mean development as well as redevelopment. For any of
4 the purposes of section 109 hereof, the term 'project' shall
5 not include any donations or provisions made as local grants-
6 in-aid and eligible as such pursuant to clauses (2) and (3)
7 of section 110 (d) hereof.

8 “(d) ‘Local grants-in-aid’ shall mean assistance by a
9 State, municipality, or other public body, or (in the case
10 of cash grants or donations of land or other real property)
11 any other entity, in connection with any project on which a
12 contract for capital grant has been made under this title, in
13 the form of (1) cash grants; (2) donations, at cash value,
14 of land or other real property (exclusive of land in streets,
15 alleys, and other public rights-of-way which may be vacated
16 in connection with the project) in the urban renewal area,
17 and demolition, removal, or other work or improvements in
18 the urban renewal area, at the cost thereof, of the types
19 described in clause (2) and clause (3) of either the second
20 or third sentence of section 110 (c); and (3) the provision,
21 at their cost, of public buildings or other public facilities
22 (other than publicly owned housing, and revenue-producing
23 public utilities the capital cost of which is financed by service
24 charges or special assessments) which are necessary for carry-
25 ing out in the area the urban renewal objectives of this title in

1 accordance with the urban renewal plan: Provided, That in
2 any case where, in the determination of the Administrator,
3 any park, playground, public building, or other public facility
4 is of direct benefit both to the urban renewal area and to other
5 areas, and the approximate degree of the benefit to such other
6 areas is estimated by the Administrator at 20 per centum or
7 more of the total benefits, the Administrator shall provide that,
8 for the purpose of computing the amount of the local grants-
9 in-aid for the project, there shall be included only such portion
10 of the cost of such facility as the Administrator estimates to
11 be proportionate to the approximate degree of the benefit of
12 such facility to the urban renewal area: And provided further,
13 That for the purpose of computing the amount of local grants-
14 in-aid under this section 110 (d), the estimated cost (as
15 determined by the Administrator) of parks, playgrounds,
16 public buildings, or other public facilities may be deemed to be
17 the actual cost thereof if (i) the construction or provision
18 thereof is not completed at the time of final disposition of land
19 in the project to be acquired and disposed of under the urban
20 renewal plan, and (ii) the Administrator has received assur-
21 ances satisfactory to him that such park, playground, public
22 building, or other public facility will be constructed or com-
23 pleted when needed and within a time prescribed by him.
24 With respect to any demolition or removal work, improvement,

1 or facility for which a State, municipality, or other public
2 body has received or has contracted to receive any grant or
3 subsidy from the United States, or any agency or instru-
4 mentality thereof, the portion of the cost thereof defrayed or
5 estimated by the Administrator to be defrayed with such
6 subsidy or grant shall not be eligible for inclusion as a local
7 grant-in-aid.

8 “(e) ‘Gross project cost’ shall comprise (1) the amount
9 of the expenditures by the local public agency with respect
10 to any and all undertakings necessary to carry out the
11 project (including the payment of carrying charges, but not
12 beyond the point where the project is completed), and (2)
13 the amount of such local grants-in-aid as are furnished in
14 forms other than cash.

15 “(f) ‘Net project cost’ shall mean the difference be-
16 tween the gross project cost and the aggregate of (1) the
17 total sales prices of all land or other property sold, and (2)
18 the total capital values (i) imputed, on a basis approved by
19 the Administrator, to all land or other property leased, and
20 (ii) used as a basis for determining the amounts to be trans-
21 ferred to the project from other funds of the local public
22 agency to compensate for any land or other property re-
23 tained by it for use in accordance with the urban renewal
24 plan.

25 “(g) ‘Going Federal rate’ means (with respect to any

1 contract for a loan or advance entered into after the first
2 annual rate has been specified as provided in this sentence)
3 the annual rate of interest which the Secretary of the Treas-
4 ury shall specify as applicable to the six-month period (be-
5 ginning with the six-month period ending December 31,
6 1953) during which the contract for loan or advance is made,
7 which applicable rate for each six-month period shall be
8 determined by the Secretary of the Treasury by estimating
9 the average yield to maturity, on the basis of daily closing
10 market bid quotations or prices during the month of May
11 or the month of November, as the case may be, next preced-
12 ing such six-month period, on all outstanding marketable
13 obligations of the United States having a maturity date of
14 fifteen or more years from the first day of such month of May
15 or November, and by adjusting such estimated average an-
16 nual yield to the nearest one-eighth of 1 per centum. Any
17 contract for loan made may be revised or superseded by a
18 later contract, so that the going Federal rate, on the basis
19 of which the interest rate on the loan is fixed, shall mean
20 the going Federal rate, as herein defined, on the date that
21 such contract is revised or superseded by such later contract.

22 “(h) ‘Local public agency’ means any State, county,
23 municipality, or other governmental entity or public body,
24 or two or more such entities or bodies, authorized to under-
25 take the project for which assistance is sought. ‘State’ in-

1 *cludes the several States, the District of Columbia, the Com-*
2 *monwealth of Puerto Rico, and the Territories and posses-*
3 *sions of the United States.*

4 “(i) ‘Land’ means any real property, including im-
5 *proved or unimproved land, structures, improvements, ease-*
6 *ments, incorporeal hereditaments, estates, and other rights in*
7 *land, legal or equitable.*

8 “(j) ‘Administrator’ means the Housing and Home
9 *Finance Administrator.”*

10 *SEC. 412. Notwithstanding the amendments in this title*
11 *to title I of the Housing Act of 1949, as amended, the*
12 *Administrator, with respect to any project covered by any*
13 *Federal aid contract executed, or prior approval granted, by*
14 *him under said title I before the effective date of this Act,*
15 *upon request of the local public agency, shall continue to*
16 *extend financial assistance for the completion of such project*
17 *in accordance with the provisions of said title I in force*
18 *immediately prior to the effective date of this Act.*

19 *SEC. 413. The provisos with respect to the appropria-*
20 *tion for capital grants for slum clearance and urban rede-*
21 *velopment contained in title I of the First Independent*
22 *Offices Appropriation Act, 1954 (Public Law 176, Eighty-*
23 *third Congress) are hereby repealed.*

24 *SEC. 414. The Housing and Home Finance Adminis-*

1 trator is authorized to make grants, subject to such terms and
2 conditions as he shall prescribe, to public bodies, including
3 cities and other political subdivisions, to assist them in de-
4 veloping, testing, and reporting methods and techniques, and
5 carrying out demonstrations and other activities for the pre-
6 vention and the elimination of slums and urban blight. No
7 such grant shall exceed two-thirds of the cost, as determined
8 or estimated by said Administrator, of such activities or
9 undertakings. In administering this section, said Adminis-
10 trator shall give preference to those undertakings which in
11 his judgment can reasonably be expected to (1) contribute
12 most significantly to the improvement of methods and tech-
13 niques for the elimination and prevention of slums and blight,
14 and (2) best serve to guide renewal programs in other com-
15 munities. Said Administrator may make advance of prog-
16 ress payments on account of any grant contracted to be
17 made pursuant to this section, notwithstanding the provisions
18 of section 3648 of the Revised Statutes, as amended. The
19 aggregate amount of grants made under this section shall not
20 exceed \$5,000,000 and shall be payable from the capital
21 grant funds provided under and authorized by section 103
22 (b) of the Housing Act of 1949, as amended.

23 SEC. 415. Section 19 of the District of Columbia Rede-
24 velopment Act of 1945, as amended, is hereby amended by

1 striking "\$2,000" in subsection (a) and subsection (b)
2 and inserting in each instance "\$3,000 unless insured as pro-
3 vided in title I of the National Housing Act, as amended".

4 SEC. 416. Section 20 of the District of Columbia Rede-
5 velopment Act of 1945, as amended, is hereby amended—

6 (1) by striking "1949" wherever it appears in said
7 section and inserting "1949, as amended": Provided,
8 That this clause (1) shall not limit or restrict any au-
9 thority under said section 20; and

10 (2) by adding the following new subsections at the
11 end of said section:

12 "(i) In addition to its authority under any other provi-
13 sion of this Act, the Agency is hereby authorized to plan and
14 undertake urban renewal projects (as such projects are de-
15 fined in title I of the Housing Act of 1949, as amended), and
16 in connection therewith the Agency, the District Commis-
17 sioners, and the other appropriate agencies operating within
18 the District of Columbia shall have all of the rights and
19 powers which they have with respect to a project or projects
20 financed in accordance with the preceding subsections of this
21 section: Provided, That for the purpose of this subsection the
22 word 'redevelopment' wherever found in this Act (except in
23 section 3 (n)) shall mean 'urban renewal', and the references
24 in section 6 to the acquisition, disposition, or assembly of

1 real property for a project shall mean the undertaking of
2 an urban renewal project.

3 “(j) The District Commissioners are hereby authorized
4 to direct the Agency to prepare a workable program (such
5 workable program to be approved by the said Commission-
6 ers) as prescribed by section 101 (c) of the Housing Act
7 of 1949, as amended, and are also authorized to direct the
8 Agency to request the necessary funds for the preparation
9 by the Agency of said workable program. The District Com-
10 missioners are hereby authorized, with or without reimburse-
11 ment, to assist the Agency in carrying out urban renewal
12 projects and to utilize for that purpose the facilities and per-
13 sonnel of the District of Columbia under agreement with the
14 Agency.”

15 TITLE V—LOW-RENT PUBLIC HOUSING

16 SEC. 501. The United States Housing Act of 1937, as
17 amended, is hereby amended—

18 (1) by striking the words following the first colon
19 up to and including the words “such families” in sub-
20 section 10 (g) and inserting the following: “First, to
21 families which are to be displaced by any low-rent hous-
22 ing project or by any public slum-clearance, redevelop-
23 ment or urban renewal project, or through action of a
24 public body or court, either through the enforcement

1 *of housing standards or through the demolition, closing,*
2 *or improvement of dwelling units, or which were so dis-*
3 *placed within three years prior to making application to*
4 *such public housing agency for admission to any low-*
5 *rent housing: Provided, That as among such projects*
6 *or actions the public housing agency may from time to*
7 *time extend a prior preference or preferences: And pro-*
8 *vided further, That, as among families within any such*
9 *preference group''; and*

10 *(2) by striking the words "or was to be displaced*
11 *by another low-rent housing project or by a public slum-*
12 *clearance or redevelopment project" in clause (ii) of*
13 *subsection 15 (8) (b) and inserting the following: "or*
14 *was to be displaced by any low-rent housing project or*
15 *by any public slum-clearance, redevelopment or urban*
16 *renewal project, or through action of a public body or*
17 *court, either through the enforcement of housing stand-*
18 *ards or through the demolition, closing, or improvement*
19 *of a dwelling unit or units''.*

20 *SEC. 502. Subsection 10 (h) of said Act, as amended, is*
21 *hereby amended to read as follows:*

22 *"(h) Every contract made pursuant to this Act for*
23 *annual contributions for any low-rent housing project ini-*
24 *tiated after March 1, 1949, shall provide that no annual*
25 *contributions by the Authority shall be made available for*

1 such project unless such project is exempt from all real and
2 personal property taxes levied or imposed by the State, city,
3 county, or other political subdivisions, but such contract shall
4 require the public housing agency to make payments in lieu
5 of taxes equal to 10 per centum of the annual shelter rents
6 charged in such project or such lesser amount as (i) is
7 prescribed by State law, or (ii) is agreed to by the local
8 governing body in its agreement for local cooperation with
9 the public housing agency required under subsection 15 (7)
10 (b) (i) of this Act, or (iii) is due to failure of a local public
11 body or bodies other than the public housing agency to per-
12 form any obligation under such agreement: Provided, That,
13 if at the time such agreement for local cooperation is entered
14 into it appears that such 10 per centum payments in lieu of
15 taxes will not result in a contribution to the project through
16 tax exemption by the State, city, county, or other political
17 subdivisions in which the project is situated of at least 20
18 per centum of the annual contributions to be paid by the
19 Authority, the amounts of such payments in lieu of taxes shall
20 be limited by the agreement to amounts, if any, which would
21 not reduce the local contribution below such 20 per centum:
22 Provided further, That, with respect to any such project
23 which is not exempt from all real and personal property taxes
24 levied or imposed by the State, city, county, or other political
25 subdivisions, such contract shall provide, in lieu of the re-

1 *quirement for tax exemption and payments in lieu of taxes,*
2 *that no annual contributions by the Authority shall be made*
3 *available for such project unless and until the State, city,*
4 *county, or other political subdivisions in which such project is*
5 *situated shall contribute, in the form of cash or tax remission*
6 *an amount equal to the greater of (i) the amount by which*
7 *the taxes paid with respect to the project exceeds 10 per*
8 *centum of the annual shelter rents charged in such project*
9 *or (ii) 20 per centum of the annual contributions paid by*
10 *the Authority (but not in excess of the taxes levied): And*
11 *provided further, That, prior to execution of the contract for*
12 *annual contributions the public housing agency shall, in the*
13 *case of a tax-exempt project, notify the governing body of*
14 *the locality of its estimate of the annual amount of such pay-*
15 *ments in lieu of taxes and of the amount of taxes which would*
16 *be levied if the property were privately owned, or, in the*
17 *case where the project is taxed, its estimate of the annual*
18 *amount of the local cash contribution, and shall thereafter*
19 *include the actual amounts in its annual reports. Contracts*
20 *for annual contributions entered into prior to the effective*
21 *date of the Housing Act of 1954 may be amended in accord-*
22 *ance with the first sentence of this subsection."*

23 *SEC. 503. Section 10 of said Act, as amended, is hereby*
24 *amended by adding the following new subsection:*

25 *"(i) Every contract made pursuant to this Act for*

1 *annual contributions for any low-rent housing project for*
2 *which no such contract has been entered into prior to the*
3 *enactment of the Housing Act of 1954 shall provide that—*

4 “(1) *after payment in full of all obligations of the*
5 *public housing agency in connection with the project for*
6 *which any annual contributions are pledged, and until*
7 *the total amount of annual contributions paid by the*
8 *Authority in respect to such project has been repaid pur-*
9 *suant to the provisions of this subsection, (a) all receipts*
10 *in connection with the project in excess of expenditures*
11 *necessary for management, operation, maintenance, or*
12 *financing, and for reasonable reserves therefor, shall be*
13 *paid annually to the Authority and to local public bodies*
14 *which have contributed to the project in the form of tax*
15 *exemption or otherwise, in proportion to the aggregate*
16 *contribution which the Authority and such local public*
17 *bodies have made to the project, and (b) no debt in*
18 *respect to the project, except for necessary expenditures*
19 *for the project, shall be incurred by the public housing*
20 *agency;*

21 “(2) *if, at any time, the project or any part thereof*
22 *is sold, such sale shall be to the highest responsible bid-*
23 *der after advertising, or at fair market value, and the*
24 *proceeds of such sale together with any reserves, after*
25 *application to any outstanding debt of the public housing*

1 agency in respect to such project, shall be paid to the
2 Authority and local public bodies as provided in clause
3 1 (a) of this subsection: Provided, That the amounts to
4 be paid to the Authority and the local public bodies shall
5 not exceed their respective total contribution to the
6 project.”.

7 SEC. 504. Paragraph (6) of section 16 of said Act, as
8 amended, is hereby repealed.

9 TITLE VI—HOME LOAN BANK BOARD

10 SEC. 601. The National Housing Act, as amended, is
11 hereby amended—

12 (1) by amending section 402 (c) (4) to read as
13 follows:

14 “(4) To sue and be sued, complain and defend,
15 in any court of competent jurisdiction in the United
16 States or its territories or possessions, and may be served
17 by serving a copy of process on any of its agents or any
18 agent of the Home Loan Bank Board and mailing a
19 copy of such process by registered mail to the Corpora-
20 tion at Washington, District of Columbia.”;

21 (2) by adding the following new subsection to sec-
22 tion 405:

1 “(c) No action against the Corporation to enforce
2 a claim for payment of insurance upon an insured ac-
3 count of an insured institution in default shall be brought
4 after the expiration of three years from the date of de-
5 fault unless, within such three-year period, the con-
6 servator, receiver, or other legal custodian of the insured
7 institution shall have recognized such insured account as
8 a valid claim against the insured institution and the
9 claim for payment of insurance shall have been presented
10 to the Corporation and its validity denied, in which event
11 the action may be brought within two years from the
12 date of such denial.”; and

13 (3) by striking out of title IV of the National
14 Housing Act, as amended, the words “Federal Savings
15 and Loan Insurance Corporation” at each place the
16 same appears therein and inserting in lieu thereof the
17 words “Federal Savings Insurance Corporation”.

18 SEC. 602. The Federal Home Loan Bank Act, as
19 amended, is hereby amended by striking “\$20,000” in sec-
20 tion 10 (b) (2) and inserting “\$35,000”.

21 SEC. 603. The Home Owners’ Loan Act of 1933, as
22 amended, is hereby amended—

1 (1) by striking “\$20,000” wherever it appears in
2 the first paragraph of subsection (c) of section 5 and
3 inserting “\$35,000”;

4 (2) by amending subsection (d) of section 5 to
5 read as follows:

6 “(d) (1) The Board shall have power to enforce
7 this section and rules and regulations made hereunder.
8 In the enforcement of any provision of this section or
9 rules and regulations made hereunder, or any other law
10 or regulation, and in the administration of conservator-
11 ships and receiverships as provided in subsection (d)
12 (2) hereof, the Board is authorized to act in its own
13 name and through its own attorneys. The Board shall
14 have power to sue and be sued, complain and defend in
15 any court of competent jurisdiction in the United States
16 or its territories or possessions. It shall by formal reso-
17 lution state any alleged violation of law or regulation
18 and give written notice to the Association concerned
19 of the facts alleged to be such violation, except that the
20 appointment of a Supervisory Representative in Charge,
21 a conservator or a receiver shall be exclusively as pro-
22 vided in subsection (d) (2) hereof. Such association
23 shall have thirty days within which to correct the alleged
24 violation of law or regulation and to perform any legal
25 duty. If the association concerned does not comply with

1 *the law or regulation within such period, then the Board*
2 *shall give such association twenty days written notice*
3 *of the charges against it and of a time and place at which*
4 *the Board will conduct a hearing as to such alleged vio-*
5 *lation of duty. Such hearing shall be in the Federal*
6 *judicial district of the association unless it consents to*
7 *another place and shall be conducted by a hearing exam-*
8 *iner as is provided by the Administrative Procedure Act.*
9 *The Board or any member thereof or its designated*
10 *representative shall have power to administer oaths and*
11 *affirmations and shall have power to issue subpoenas and*
12 *subpoenas duces tecum, and shall issue such at the re-*
13 *quest of any interested party, and the Board or any in-*
14 *terested party may apply to the United States district*
15 *court of the district where such hearing is designated*
16 *for the enforcement of such subpoena or subpoena duces*
17 *tecum and such courts shall have power to order and*
18 *require compliance therewith. A record shall be made*
19 *of such hearing and any interested party shall be entitled*
20 *to a copy of such record to be furnished by the Board at*
21 *its reasonable cost. After such hearing and adjudica-*
22 *tion by the Board, appeals shall lie as is provided by the*
23 *Administrative Procedure Act, and the review by the*
24 *court shall be upon the weight of the evidence. Upon*
25 *the giving of notice of alleged violation of law or regu-*

1 *lation as herein provided, either the Board or the asso-*
2 *ciation affected may, within thirty days after the service*
3 *of said notice, apply to the United States district court*
4 *for the district where the association is located for a*
5 *declaratory judgment and an injunction or other relief*
6 *with respect to such controversy, and said court shall*
7 *have jurisdiction to adjudicate the same as in other*
8 *cases and to enforce its orders. The Board may apply*
9 *to the United States district court of the district where*
10 *the association affected has its home office for the en-*
11 *forcement of any order of the Board and such court*
12 *shall have power to enforce any such order which has*
13 *become final. The Board shall be subject to suit by any*
14 *Federal savings and loan association with respect to any*
15 *matter under this section or regulations made there-*
16 *under, or any other law or regulation, in the United*
17 *States district court for the district where the home office*
18 *of such association is located, and may be served by serv-*
19 *ing a copy of process on any of its agents and mailing*
20 *a copy of such process by registered mail, to the Home*
21 *Loan Bank Board, Washington, District of Columbia.*

22 *“(2) The grounds for the appointment of a con-*
23 *servator or receiver for a Federal savings and loan*
24 *association shall be one or more of the following: (i)*
25 *insolvency in that the assets of such association are*

1 less than its obligations to its creditors and others, in-
2 cluding its members; (ii) violation of law or of a regu-
3 lation; (iii) the concealment of its books, records, or
4 assets or the refusal to submit its books, papers, records,
5 or affairs for inspection to any examiner or lawful agent
6 appointed by the Home Loan Bank Board; and (iv)
7 unsafe or unsound operation. The Board shall have
8 exclusive jurisdiction to appoint a Supervisory Repre-
9 sentative in Charge, conservator, or receiver. If, in the
10 opinion of the Board, a ground for the appointment of a
11 conservator or receiver as herein provided exists and
12 the Board determines that an emergency exists requiring
13 immediate action, the Board is authorized to appoint ex
14 parte and without notice a Supervisory Representative in
15 Charge to take charge of said association and its affairs
16 who shall have and exercise all the powers herein pro-
17 vided for conservators and receivers. Unless sooner re-
18 moved by the Board, such Supervisory Representative in
19 Charge shall hold office until a conservator or receiver,
20 appointed by the Board after notice as herein provided,
21 takes charge of the association and its affairs, or for six
22 months, or until thirty days after the termination of the
23 administrative hearing and final proceedings herein pro-
24 vided, or until sixty days after the final termination of

1 any litigation affecting such temporary appointment,
2 whichever is longest. The Board shall have the power
3 to appoint a conservator or receiver but no such ap-
4 pointment of a conservator or receiver shall be made
5 except pursuant to a formal resolution of the Board
6 stating the grounds therefor and except notice thereof
7 is given to said association stating the grounds therefor
8 and until an opportunity for an administrative hearing
9 thereon is afforded to said association. Such hearing
10 shall be held in accordance with the provisions of the
11 Administrative Procedure Act and shall be subject to
12 review as therein provided and the review by the court
13 shall be upon the weight of the evidence. A conservator
14 shall have all the powers of the members, the directors,
15 and officers of the Federal association and shall be author-
16 ized to operate it in its own name or conserve its assets
17 in the manner and to the extent authorized by the Board.
18 The Board shall appoint only the Federal Savings
19 Insurance Corporation as receiver for any Federal
20 savings and loan association, which shall have power
21 as receiver to buy at its own sale subject to approval by
22 the Board. With the consent of the association expressed
23 by a resolution of the board of directors or of its mem-
24 bers, the Board is authorized to appoint a conservator or
25 receiver for a Federal association without notice and

1 *without hearing. The Board shall have power to make*
2 *rules and regulations for the reorganization, merger, and*
3 *liquidation of Federal associations and for such associa-*
4 *tions in conservatorship and receivership and for the*
5 *conduct of conservatorships and receiverships. When-*
6 *ever a Supervisory Representative in Charge, conservator,*
7 *or receiver, appointed by the Board pursuant to the*
8 *provisions of this section, demands possession of the*
9 *property, business and assets of any association, the*
10 *refusal of any officer, agent, employee, or director of*
11 *such association to comply with the demand shall be*
12 *punishable by a fine of not more than \$1,000 or by*
13 *imprisonment for not more than one year or both by*
14 *such fine and imprisonment.”; and*

15 *(3) by striking out the second paragraph of subsec-*
16 *tion (c) of section 5 and inserting in lieu thereof the*
17 *following new paragraph:*

18 *“Without regard to any other provision of this sub-*
19 *section except the area requirement such associations are*
20 *authorized to invest a sum not in excess of 15 per centum*
21 *of the assets of such association in loans insured under*
22 *title I of the National Housing Act, as amended, in*
23 *unsecured loans insured or guaranteed under the provi-*
24 *sions of the Servicemen’s Readjustment Act of 1944, as*
25 *amended, and in other loans for property alteration,*

1 *repair, or improvement: Provided, That no such loan*
2 *shall be made in excess of \$3,000."*

3 *TITLE VII—VOLUNTARY HOME CREDIT*
4 *PROGRAM*

5 *DECLARATION OF POLICY*

6 *SEC. 701. The Congress hereby declares that the pur-*
7 *poses of this title are to encourage and facilitate the flow of*
8 *mortgage credit into remote areas and small communities,*
9 *through the voluntary cooperation and effort of private lend-*
10 *ing institutions, and to assist in the development of a pro-*
11 *gram whereby private financing institutions engaged in*
12 *mortgage lending can make a maximum contribution to the*
13 *economic stability and growth of the Nation through exten-*
14 *sion of the market for insured or guaranteed mortgage loans.*

15 *DEFINITIONS*

16 *SEC. 702. As used in this title, the following terms shall*
17 *have the meanings respectively ascribed to them below, and,*
18 *unless the context clearly indicates otherwise, shall include*
19 *the plural as well as the singular number:*

20 *(a) "Insured or guaranteed mortgage loan" means any*
21 *loan made for the construction or purchase of a family*
22 *dwelling or dwellings and which is (1) guaranteed or in-*
23 *sured under the Serviceman's Readjustment Act of 1944, as*
24 *amended, or (2) secured by a mortgage insured under the*
25 *National Housing Act, as amended.*

1 (b) "*Private financing institutions*" means *life-insurance*
 2 *companies, savings banks, commercial banks, cooperative*
 3 *banks, homestead associations, building and loan associations,*
 4 *and savings and loan associations.*

5 (c) "*Administrator*" means *the Housing and Home*
 6 *Finance Administrator.*

7 (d) "*State*" means *the several States, the District of*
 8 *Columbia, the Commonwealth of Puerto Rico, and the terri-*
 9 *tories and possessions of the United States.*

10 NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION

11 COMMITTEE

12 SEC. 703. *There is hereby established a National Vol-*
 13 *untary Mortgage Credit Extension Committee, hereinafter*
 14 *called the "National Committee", which shall consist of the*
 15 *Housing and Home Financing Administrator, who shall act*
 16 *as Chairman of the National Committee, and fourteen other*
 17 *persons appointed by the Administrator as follows:*

18 (a) *Two representatives of each type of private*
 19 *financing institutions;*

20 (b) *Two representatives of builders of residential prop-*
 21 *erties; and*

22 (c) *Two representatives of real estate boards.*

23 *The Administrator shall also request the Board of Gov-*
 24 *ernors of the Federal Reserve System and the Administrator*

1 of Veterans' Affairs to designate a representative of the
2 Board and the Veterans' Administration, respectively, to
3 serve on the National Committee in an advisory capacity.

4 In selecting and appointing the members of the National
5 Committee, the Administrator shall have due regard to fair
6 representation thereon for small, medium, and large private
7 financing institutions and for different geographical areas.
8 Members of the National Committee appointed by the Admin-
9 istrator shall serve on a voluntary basis.

10 REGIONAL SUBCOMMITTEES

11 SEC. 704. (a) As soon as practicable, the National
12 Committee shall divide the United States into regions con-
13 forming generally to the Federal Reserve districts. The
14 Administrator, after consultation with the other members of
15 the National Committee, shall, for each such region, designate
16 five or more persons representing private financing institu-
17 tions and builders of residential properties in such region
18 to serve as a regional subcommittee of the National Com-
19 mittee for the purpose of assisting in placing with private
20 financing institutions insured or guaranteed mortgage loans
21 as hereinafter set forth. In designating the members of each
22 such regional subcommittee, the Administrator shall have due
23 regard to fair representation thereon for small, medium, and
24 large financing institutions and builders of residential prop-
25 erties and for different geographical areas within such

1 regions. Members of each regional subcommittee shall serve
2 on a voluntary basis.

3 (b) The Administrator is authorized and directed, upon
4 the request of a regional subcommittee, to provide such sub-
5 committee with a suitable office and meeting place and to
6 furnish to the subcommittee such staff assistance as may be
7 reasonably necessary for the purpose of assisting it in the
8 performance of the functions hereinafter set forth. In com-
9 plying with these requirements, the Administrator may act
10 through and may utilize the services of the several Federal
11 Reserve banks.

12 FUNCTION OF NATIONAL COMMITTEE AND OF REGIONAL
13 SUBCOMMITTEES

14 SEC. 705. It shall be the function of the National Com-
15 mittee and the regional subcommittees to facilitate the flow
16 of funds for residential mortgage loans into areas or com-
17 munities where there may be a shortage of local capital for,
18 or inadequate facilities for access to, such loans, and to
19 achieve the maximum utilization of the facilities of private
20 financing institutions for this purpose by soliciting and ob-
21 taining the cooperation of all such private financing institu-
22 tions in extending credit for insured or guaranteed mortgage
23 loans.

24 SEC. 706. The National Committee shall study and review
25 the demand and supply of funds for residential mortgage

1 loans in all parts of the country, and shall receive reports from
2 and correlate the activities of the regional subcommittees. It
3 shall also periodically inform the Commissioner of the Federal
4 Housing Administration and the Administrator of Veterans'
5 Affairs concerning the results of the studies and of the prog-
6 ress of the National Committee and regional subcommittees
7 in performing their function, and shall to the extent practica-
8 ble maintain liaison with State and local Government housing
9 officials in order that they may be fully apprized of the func-
10 tion and work of the National Committee and regional sub-
11 committees. The Administrator shall, not later than April 1
12 in each year, make a full report of the operations of the
13 National Committee and the regional subcommittees to the
14 Congress.

15 SEC. 707. (a) Each regional subcommittee shall study
16 and review the demand and supply of funds for residential
17 mortgage loans in its region, shall analyze cases of unsatisfied
18 demand for mortgage credit, and shall report to the National
19 Committee the results of its study and analysis. It shall also
20 maintain liaison with officers of the Federal Housing Admin-
21 istration and of the Veterans' Administration within its region
22 in order that such officers may be fully apprized of the func-
23 tion and work of the National Committee and regional sub-
24 committees. It shall request such officers to supply to the
25 subcommittee information regarding cases of unsatisfied de-

1 mand for mortgage credit for loans eligible for insurance
2 under the National Housing Act, as amended, or for insur-
3 ance or guaranty under the Servicemen's Readjustment Act of
4 1944, as amended. Such officers are authorized to furnish
5 such information to such subcommittee.

6 (b) A regional subcommittee shall render assistance to
7 any applicant for a loan, the proceeds of which are to be
8 used for the construction or purchase of a family dwelling
9 or dwellings, upon receipt of a certificate from such appli-
10 cant, stating that—

11 (1) application for such loan has been made to at
12 least two private financing institutions, or in the alterna-
13 tive to such private financing institution or institutions
14 as may be reasonably accessible to the applicant;

15 (2) the applicant has been informed by the above-
16 mentioned private financing institution or institutions
17 that funds for mortgage credit on the loan are unavail-
18 able; and

19 (3) the applicant is eligible for insurance or guar-
20 anty under the Servicemen's Readjustment Act of 1944,
21 as amended, or consents that the mortgage to be issued
22 as security for the loan be insured under the National
23 Housing Act, as amended.

24 Upon receipt of such certification from an applicant the re-
25 gional subcommittee shall circularize private financing institu-

1 tions in the region or elsewhere and shall use its best efforts
2 to enable the applicant to place the loan with a private
3 financing institution. It shall render similar assistance to
4 any applicant for a loan, the proceeds of which are to be used
5 for the construction or purchase of a family dwelling or
6 dwellings, upon receipt of information from the Veterans'
7 Administration to the effect that the applicant has applied
8 for a direct loan, if he is eligible for such a loan, and that he
9 is eligible for insurance or guaranty, under the Servicemen's
10 Readjustment Act of 1944, as amended. In order to en-
11 courage small or local private financing institutions to origi-
12 nate insured or guaranteed mortgage loans, it may also render
13 similar assistance to private financing institutions in locating
14 other private financing institutions willing to repurchase such
15 mortgage loans on a mutually satisfactory basis.

16 (c) In the performance of its responsibilities under sub-
17 section (b) of this section, a regional subcommittee may at
18 its discretion (1) request the National Committee to obtain
19 for it the aid of other regional subcommittees in seeking
20 sources of mortgage credit, and (2) request and obtain vol-
21 untary assurances from any one or more private financing
22 institutions that they will make funds available for insured
23 or guaranteed mortgage loans in any specified area or areas

1 *within its region in which the subcommittee finds that there*
2 *is a lack of adequate credit facilities for such loans.*

3 *REGULATIONS OF ADMINISTRATOR*

4 *SEC. 708. The Administrator, after consultation with the*
5 *National Committee, shall have power to issue general rules*
6 *and procedures for the effective implementation of this title*
7 *and for the functioning of the regional subcommittees, pur-*
8 *suant to the provisions hereof and not in conflict herewith.*

9 *GENERAL PROVISIONS*

10 *SEC. 709. No act pursuant to the provisions of this title*
11 *and which occurs while this title is in effect shall be con-*
12 *strued to be within the prohibitions of the antitrust laws or*
13 *the Federal Trade Commission Act of the United States.*

14 *SEC. 710. If any provision of this title, or the applica-*
15 *tion thereof to any person or circumstances, is held invalid,*
16 *the remainder of this title and the application of such provi-*
17 *sion to other persons or circumstances, shall not be affected*
18 *thereby.*

19 *SEC. 711. (a) This title and all authority conferred here-*
20 *under shall terminate at the close of June 30, 1957.*

21 *(b) Notwithstanding subsection (a), Congress, by con-*
22 *current resolution, may terminate this title prior to the ter-*
23 *mination date hereinabove provided for.*

1 TITLE VIII—URBAN PLANNING AND RESERVE
2 OF PLANNED PUBLIC WORKS

3 URBAN PLANNING

4 SEC. 801. To facilitate urban planning for smaller com-
5 munities lacking adequate planning resources, the Admin-
6 istrator is authorized to make planning grants to State plan-
7 ning agencies for the provision of planning assistance (in-
8 cluding surveys, land use studies, urban renewal plans, tech-
9 nical services and other planning work, but excluding plans
10 for specific public works) to cities and other municipalities
11 having a population of less than twenty-five thousand accord-
12 ing to the latest decennial census. The Administrator is fur-
13 ther authorized to make planning grants for similar planning
14 work in metropolitan and regional areas to official State, met-
15 ropolitan, or regional planning agencies empowered under
16 State or local laws to perform such planning. Any grant
17 made under this section shall not exceed 50 per centum of
18 the estimated cost of the work for which the grant is made
19 and shall be subject to terms and conditions prescribed by
20 the Administrator to carry out this section. The Administra-
21 tor is authorized, notwithstanding the provisions of section
22 3648 of the Revised Statutes, as amended, to make advance
23 or progress payments on account of any planning grant
24 made under this section. There is hereby authorized to be
25 appropriated not exceeding \$5,000,000 to carry out the

1 purposes of this section, and any amounts so appropriated
2 shall remain available until expended.

3 RESERVE OF PLANNED PUBLIC WORKS

4 SEC. 802. (a) In order (1) to encourage municipali-
5 ties and other public agencies to maintain a continuing and
6 adequate reserve of planned public works the construction of
7 which can rapidly be commenced whenever the economic
8 situation may make such action desirable, and (2) to attain
9 maximum economy and efficiency in the planning and con-
10 struction of local, State, and Federal public works, the Ad-
11 ministrator is hereby authorized, during the period of three
12 years commencing on July 1, 1954, to make advances to
13 public agencies from funds available under this section (not-
14 withstanding the provisions of section 3648 of the Revised
15 Statutes, as amended) to aid in financing the cost of engi-
16 neering and architectural surveys, designs, plans, working
17 drawings, specifications, or other action preliminary to and
18 in preparation for the construction of public works: Pro-
19 vided, That the making of advances hereunder shall not in
20 any way commit the Congress to appropriate funds to assist
21 in financing the construction of any public works so planned.

22 (b) No advance shall be made hereunder with respect
23 to any individual project unless it conforms to an overall
24 State, local, or regional plan approved by a competent State,
25 local, or regional authority, and unless the public agency

1 *formally contracts with the Federal Government to complete*
2 *the plan preparation promptly and to repay such advance*
3 *when due.*

4 (c) *Advances under this section to any public agency*
5 *shall be repaid without interest by such agency when the*
6 *construction of the public works is undertaken or started:*
7 *Provided, That in the event repayment is not made promptly*
8 *such unpaid sum shall bear interest at the rate of 4 per*
9 *centum per annum from the date of the Government's de-*
10 *mand for repayment to the date of payment thereof by the*
11 *public agency. All sums so repaid shall be covered into*
12 *the Treasury as miscellaneous receipts.*

13 (d) *The Administrator is authorized to prescribe rules*
14 *and regulations to carry out the purposes of this section.*

15 (e) *There is hereby authorized to be appropriated not*
16 *exceeding \$10,000,000 to carry out the purposes of this sec-*
17 *tion, and any amounts so appropriated shall remain available*
18 *until expended. Not more than 5 per centum of the funds*
19 *so appropriated shall be expended in any one State.*

20

DEFINITIONS

21 SEC. 803. *As used in this title, (1) the term "State"*
22 *shall mean any State, the District of Columbia, the Com-*
23 *monwealth of Puerto Rico, and any Territory or possession*
24 *of the United States; (2) the term "Administrator" shall*
25 *mean the Housing and Home Finance Administrator; (3)*

1 the term "public works" shall include any public works other
2 than housing; and (4) the term "public agency" or "public
3 agencies" shall mean any State, as herein defined, or any
4 public agency or political subdivision therein.

5 *TITLE IX—MISCELLANEOUS PROVISIONS*

6 *SEC. 901. Section 607 of the Act entitled "An Act to*
7 *expedite the provision of housing in connection with national*
8 *defense, and for other purposes", approved October 14, 1940,*
9 *as amended, is hereby amended by adding the following new*
10 *subsection at the end thereof:*

11 *"(g) The Administrator may dispose of any permanent*
12 *war housing without regard to the preferences in subsections*
13 *(b) and (c) of this section when he determines that (1)*
14 *such housing, because of design or lack of amenities, is un-*
15 *suitable for family dwelling use, or (2) it is being used at the*
16 *time of disposition for other than dwelling purposes, or (3)*
17 *it was offered, with preferences substantially similar to those*
18 *provided in the Housing Act of 1950 (64 Stat. 48), to*
19 *veterans and occupants prior to enactment of said Act, or (4)*
20 *it is to be sold with a requirement that it be removed from*
21 *its present location."*

22 *SEC. 902. (a) The Housing and Home Finance Admin-*
23 *istrator shall, as soon as practicable during each calendar*
24 *year, make a report to the President for submission to the*
25 *Congress on all operations under the jurisdiction of the*

1 *Housing and Home Finance Agency during the previous*
2 *calendar year.*

3 (b) *Section 311 of "An Act to expedite the provision*
4 *of housing in connection with national defense, and for other*
5 *purposes", approved October 14, 1940, as amended; section*
6 *6 of "An Act to provide for the advance planning of non-*
7 *Federal public works", approved October 13, 1949, as*
8 *amended; and sections 5 and 402 (f) of the National Hous-*
9 *ing Act, as amended, are hereby repealed.*

10 (c) *The National Housing Act, as amended, is*
11 *hereby amended—*

12 (1) *by striking the heading "ANNUAL REPORT"*
13 *immediately after section 4 and inserting "TAXATION";*
14 *and*

15 (2) *by striking from subsection (e) of section 406*
16 *the word "Congress" and inserting "Housing and Home*
17 *Finance Administrator".*

18 (d) *The first sentence of section 7 (b) of the United*
19 *States Housing Act of 1937, as amended, is hereby amended*
20 *to read as follows: "The annual report of the Housing and*
21 *Home Finance Administrator to the President for submission*
22 *to the Congress on the operations of the Housing and Home*
23 *Finance Agency shall include a report on the operations and*
24 *expenses of the Authority, including loans, contributions, and*

1 grants made or contracted for, low-rent housing and slum-
2 clearance projects undertaken, and the assets and liabilities
3 of the Authority.”

4 (e) Section 106 (a) of the Housing Act of 1949, as
5 amended, is hereby amended by striking “; and” at the end
6 of paragraph (3) thereof, inserting a period in lieu thereof,
7 and striking paragraph (4).

8 (f) The Federal Home Loan Bank Act, as amended, is
9 hereby amended by striking the second sentence of section 20.

10 SEC. 903. The Housing and Home Finance Agency,
11 including its constituent agencies, and any other departments
12 or agencies of the Federal Government having powers, func-
13 tions, or duties with respect to housing under this or any
14 other law shall exercise such powers, functions, or duties
15 in such manner as, consistent with the requirements thereof,
16 will facilitate progress in the reduction of the vulnerability
17 of congested urban areas to enemy attack.

18 SEC. 904. Title V of the Housing Act of 1949, as
19 amended, is hereby amended as follows:

20 (a) In the first sentence of section 511 immediately fol-
21 lowing the phrase “July 1, 1952,” strike the word “and”,
22 and insert at the end of the sentence just before the period
23 a comma and the language “and an additional \$100,000,000
24 on and after July 1, 1954”.

1 (b) In section 512, (i) strike “and 1953” and insert
 2 “1953, and 1954”, and (ii) strike “and \$2,000,000” and
 3 insert “\$2,000,000, and \$2,000,000”.

4 (c) In section 513, strike “and \$10,000,000 on July 1
 5 of each of the years 1950, 1951, 1952, and 1953” and insert
 6 “\$10,000,000, and \$10,000,000 on July 1 of each of the
 7 years 1950, 1951, 1952, 1953, and 1954”.

8 ACT OF CONTROLLING

9 SEC. 905. Insofar as the provisions of any other law
 10 are inconsistent with the provisions of this Act, the provi-
 11 sions of this Act shall be controlling.

12 SEPARABILITY

13 SEC. 906. Except as may be otherwise expressly pro-
 14 vided in this Act, all powers and authorities conferred by
 15 this Act shall be cumulative and additional to and not in
 16 derogation of any powers and authorities otherwise exist-
 17 ing. Notwithstanding any other evidences of the intention
 18 of Congress, it is hereby declared to be the controlling intent
 19 of Congress that if any provisions of this Act, or the appli-
 20 cation thereof to any persons or circumstances, shall be ad-
 21 judged by any court of competent jurisdiction to be invalid,
 22 such judgment shall not affect, impair, or invalidate the
 23 remainder of this Act or its applications to other persons
 24 and circumstances.

83d CONGRESS
2d Session

H. R. 7839

[Report No. 1429]

A BILL

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

By Mr. WOLCOTT

FEBRUARY 12, 1954

Referred to the Committee on Banking and Currency

MARCH 28, 1954

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

House Calendar No. 169

83^D CONGRESS
2^D SESSION

H. RES. 485

[Report No. 1445]

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 1954

Mr. BROWN of Ohio, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 7839) to aid
5 in the provision and improvement of housing, the elimina-
6 tion and prevention of slums, and the conservation and de-
7 velopment of urban communities, and all points of order
8 against said bill are hereby waived. After general debate,
9 which shall be confined to the bill, and shall continue not to
10 exceed three hours, to be equally divided and controlled by
11 the chairman and ranking minority member of the Commit-
12 tee on Banking and Currency, the bill shall be read for
13 amendment under the five-minute rule. It shall be in order

1 to consider without the intervention of any point of order
2 the substitute amendment recommended by the Committee
3 on Banking and Currency now in the bill, and such substitute
4 for the purpose of amendment shall be considered under the
5 five-minute rule as an original bill. At the conclusion of
6 such consideration the Committee shall rise and report the
7 bill to the House with such amendments as may have been
8 adopted, and any member may demand a separate vote in the
9 House on any of the amendments adopted in the Committee
10 of the Whole to the bill or committee substitute. The previ-
11 ous question shall be considered as ordered on the bill and
12 amendments thereto to final passage without intervening
13 motion except one motion to recommit with or without
14 instructions.

83^d CONGRESS
2^d SESSION

H. RES. 485

[Report No. 1445]

RESOLUTION

Providing for the consideration of H. R. 7839,
a bill to aid in the provision and improve-
ment of housing, the elimination and pre-
vention of slums, and the conservation and
development of urban communities.

By Mr. BROWN of Ohio

MARCH 29, 1954

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 2, 1954
For actions of April 1, 1954
83rd-2nd, No. 60

CONTENTS

Adjournment.....7	Farm program.....18	Property.....12,16
Agricultural attaches...19	Forests & forestry.....5	Road authorizations.....5
Alaska.....1	Hawaii.....1	St. Lawrence Seaway.....23
Appropriations....10,15,20	Housing, farm.....8	Statehood.....1
Comptroller General.....6	Loans, farm.....4,8	Surplus commodities
Dairy industry	Marketing.....9	13,14,19
2,9,13,21,22	Personnel.....3,11,19	T.V.A.....20
Electrification.....17	Prices, support...2,13,21	Trade, foreign.....24

HIGHLIGHTS: Senate passed Hawaii-Alaska statehood bill. Sens. Morse and Hennings criticized flexible price supports. Senate committee voted to report Carlson personnel bill. House debated housing bill which continues farm-loan program. House committee reported Interior appropriation bill. Rep. Shelley claimed certain merchants get advance market information through USDA advisory committees.

SENATE

1. STATEHOOD. Passed, 57-28, with amendments S. 49, the Hawaii-Alaska statehood bill (pp. 4067-90). Senate conferees were appointed (p. 4090).
2. PRICE SUPPORTS. Sen. Morse criticized the Administration's price-support program and said campaign promises were not being carried out (pp. 4103-4). Sen. Hennings criticized the reduction in dairy supports (p. 4066).
3. PERSONNEL. The Post Office and Civil Service Committee "unanimously ordered favorably reported" S. 2665, the Carlson bill which liberalizes the Classification Act of 1949 and the Federal Employees Pay Act of 1945 (p. D353).
4. FARM LOANS. S. 2552, to authorize the Federal land banks to make a bulk purchase of certain remaining assets of FFIC, was transferred from the Banking and Currency Committee to the Agriculture and Forestry Committee (pp. 4061-2).
5. ROAD AUTHORIZATIONS. S. 3184, to authorize appropriations for roads, including forest highways and forest roads and trails, was made the unfinished business (pp. 4061, 4090).
6. COMPTROLLER GENERAL. Sen. Kefauver commended Lindsay Warren and inserted statements commending him (pp. 4062-6).

7. ADJOURNED until Mon., Apr. 5 (p. 4107).

HOUSE

8. FARM LOANS. Began debate on H. R. 7839, the housing bill (pp. 4108-62). Reps. Deane and Jones, Ala., commended the farm-housing program, which would be continued by this bill, and Rep. Deane inserted a "statistical table summarizing rural housing loans by States" (pp. 4132, 4153-4).
9. DAIRY MARKETING. Extension of remarks of Rep. Shelley claiming that certain firms are making firm offerings for future delivery of surplus CCC dried milk to be used as livestock feed, and that these dealers "seem to have been provided with advance knowledge of plans for disposal of dried milk," and urging the Agriculture Committee to investigate this matter without delay (pp. 4164-5).
10. INTERIOR APPROPRIATION BILL, 1955. The Appropriations Committee reported without amendment this bill, H. R. 8680 (H. Rept. 1460) (p. 4108).
11. PERSONNEL. The Post Office and Civil Service Committee announced appointment of a subcommittee (Rep. Harden, chairman) to consider H. R. 5271, permitting payment of certain cost-of-living allowances outside the continental U. S. at rates in excess of 25% of the basic pay (p. D356).

BILLS INTRODUCED

12. SURPLUS PROPERTY. S. 3243, by Sen. Mundt, to amend the Federal Property and Administrative Services Act of 1949 to extend until June 30, 1955, the period during which disposals of surplus property may be made by negotiation; to Government Operations Committee (p. 4058).
13. DAIRY INDUSTRY. H. R. 8681, by Rep. Cooley, to increase the daily allowance of dairy products in the armed forces; to Armed Services Committee (p. 4166).
H. R. 8687, by Rep. Byrnes, Wis., to amend the Agricultural Act of 1949 regarding price support on dairy products and disposal of surplus food; to Agriculture Committee. Remarks of author. (pp. 4162-3, 4166.)
14. SURPLUS COMMODITIES. H. R. 8689, by Rep. Heselton, "to revise section 416 of the Agricultural Act of 1949"; to Agriculture Committee (p. 4166).
H. R. 8688, by Rep. Hagen, Minn., to distribute surplus commodities to social-security beneficiaries; to Agriculture Committee (p. 4166).
H. Res. 489, by Rep. Berry, providing that all agricultural products, produced for emergency and wartime use and held by the Government, be declared war surplus; to Agriculture Committee (p. 4166). Remarks of author (p. A2493).

COMMITTEE HEARINGS RELEASED BY GPO

15. INTERIOR DEPARTMENT APPROPRIATIONS, 1955, Part 2. H. Appropriations Committee.

ITEMS IN APPENDIX

16. PROPERTY. Extension of remarks of Rep. Hillelson summarizing H. R. 5605, concerning transfers of certain real property within the Government (pp. A2491-2).
17. ELECTRIFICATION. Rep. Abbitt inserted a Nottoway, Va., Farmers Union resolution commending REA programs (pp. A2492-3).
18. FARM PROGRAM. Sen. Gillette inserted a Wallace Farmer and Iowa Homestead editorial discussing the cost of farm programs and an exchange of letters between

Representative or two in the House to speak for them.

I think that once the citizens of the District of Columbia were granted the voting privilege, once they were given true home rule, it would be found that the District of Columbia legislation passed by Congress would be greatly modified from the kind of legislation which too frequently passes Congress. After all, there is nothing the people of the District of Columbia can do about the situation, as citizens of the United States, politically speaking, because they are disfranchised citizens.

I shall not be a party to that kind of unfair legislation which is proposed for the District of Columbia.

Therefore, I shall stand on the record I made in the committee today, and upon the argument I have just completed on the floor of the Senate.

ADJOURNMENT TO MONDAY

Mr. FERGUSON. Mr. President, in accordance with the unanimous-consent agreement already entered, I move that the Senate now adjourn until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock and 58 minutes p. m.) the Senate adjourned, the adjournment being under the order previously entered, until Monday, April 5, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 1 (legislative day of March 1), 1954:

DIPLOMATIC AND FOREIGN SERVICE

Edward B. Lawson, of the District of Columbia, a Foreign Service officer of the class of career minister, now Envoy Extraordinary and Minister Plenipotentiary to Iceland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Israel.

RECONSTRUCTION FINANCE CORPORATION

Laurence Ballard Robbins, of Illinois, to be Administrator of the Reconstruction Finance Corporation.

UNITED STATES DISTRICT JUDGE

Bailey Aldrich, of Massachusetts, to be United States district judge for the district of Massachusetts, to fill a new position.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 1 (legislative day of March 1), 1954:

POSTMASTERS

ALABAMA

Marjorie C. Joyner, Garland.
Frances J. Davis, Repton.
William F. Gregory, Rutledge.

CALIFORNIA

Joseph A. Grabill, Boulder Creek.
Catherine E. Warden, Carlotta.
Ernest L. Layton, Lower Lake.
Willis R. Jones, Olivehurst.
Boyce T. True, Pauma Valley.
Lucile A. Ingraham, Rio Dell.
Ada V. Keener, Rockport.
John F. Phillips, San Clemente.
Elmer H. Dean, Santa Monica.
Leon P. Scammon, Saugus.
William H. Wolf, Sharp Park.

CONNECTICUT

Helen C. Evangelist, Candlewood Isle.
Ruth Y. Lewis, Eastford.

ILLINOIS

Vernon F. Otto, Alhambra.
Alfred G. Waffle, Moline.

IOWA

William E. Boyd, Liscoomb.
Fred E. Smith, Marble Rock.

KANSAS

James S. McCormick, Burr Oak.
Frederick H. Boyd, Fowler.
Wesley V. Joy, Narka.
Ivan D. Holland, Olathe.
Edward J. Spineto, Pittsburg.

KENTUCKY

John R. Lawton, Central City.

MASSACHUSETTS

Joseph E. Yelle, Norton.

MICHIGAN

Lawrence J. Brautigan, Grosse Ile.
William A. Munroe, Saginaw.
John A. Dickey, Whittemore.

MINNESOTA

Charles V. Miller, Jr., Darwin.
Bertha S. Bosin, Rapidan.

MONTANA

Gordon G. Garrick, Outlook.

NEW JERSEY

Allan B. Nixon, Moorestown.
Clifford C. Cooper, Navesink.
William L. Kessler, Normandy Beach.

NEW YORK

Ralph Britton, Rensselaerville.

OHIO

Theodore Buehrer, Archbold.
Arthur E. Cornwell, Athens.
Elizabeth S. Donnett, Bidwell.
Edwin W. Kerr, Big Prairie.
Albert F. Bilek, Brecksville.
James W. Overholt, Bucyrus.
Paul F. Ralston, Chillicothe.
Willard Alton Drown, Clyde.
Robert A. Pouttu, Gates Mills.
Olive E. Starkey, Glenford.
Russell W. Carter, Mason.
William K. Wobbecke, Jr., Newark.
John E. Singleman, New Weston.
Albert Russell, Pomeroy.
Dorsel C. Riebel, Reedsville.
Russell L. Lorenzen, Sandusky.
Edwin S. Naus, Upper Sandusky.
Lyle M. Shumaker, Wauseon.
Sherman O. Kreischer, Westerville.
William H. Maxwell, West Lafayette.
Robert E. Hensel, West Manchester.

OREGON

Bill G. Crowther, Banks.
George L. Evans, Central Point.
Walter J. Beumer, Depoe Bay.
John R. Metsger, Sandy.

PENNSYLVANIA

Francis J. Yanes, Brockton.
Edwin J. Carr, Hartsville.
Michael B. Krell, Lansford.
Doyle H. Brewer, Orangeville.
Harry L. Schaefer, Ralston.

SOUTH DAKOTA

Orvis M. Gantvoort, Castlewood.

TENNESSEE

James B. Garner, Alcoa.
Samuel Shelton Crass, Jr., Oliver Springs.
Daniel B. Shofner, Shelbyville.

UTAH

Frances P. Russell, Wendover.

WISCONSIN

Benjamin C. Hoffman, Helenville.
Mac Marshall, Jr., La Farge.
Frank W. Ocain, Redgranite.

House of Representatives

THURSDAY, APRIL 1, 1954

The House met at 11 o'clock a. m.
The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art the God and Father of us all, we thank Thee for the privilege of communing with Thee in the fellowship of prayer.

We pray that Thou wilt come nearer unto us with Thy companionship and counsel than we have ever known.

May we be inspired with a new and greater faith in Thy divine power and wisdom, for we are very conscious of our own limitations as we face hard tasks and heavy burdens.

Wilt Thou bless every effort that the Congress is making to bring more of the comforts and happiness of home to all the members of the human family.

Grant that at the eventide of this day we may not be ashamed to leave the record of our work in Thy hands.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 143. Joint resolution providing for the observance of April 9, the 12th anniversary of the fall of Bataan, as Bataan Day.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

APRIL 1, 1954.

The honorable the SPEAKER,
House of Representatives.

SIR: Desiring to be away from my office for a few days, I hereby designate Mr. J. C. Shanks, an official in my office, to sign any and all papers and do all other acts for me which he would be authorized to do by virtue of this designation and of clause 4, rule III of the House.

Respectfully yours,

LYLE O. SNADER,
Clerk of the House of Representatives.

CALL OF THE HOUSE

Mr. LONG. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. WOLCOTT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 44]

Albert	Engle	Powell
Barden	Hale	Reed, Ill.
Barrett	Jensen	Regan
Battle	Jonas, N. C.	Richards
Bender	Kelley, Pa.	Rivers
Bentley	King, Cal.	Roberts
Boykin	Krueger	Roosevelt
Bramblett	Lyle	Seely-Brown
Carlyle	McGregor	Shafer
Carnahan	McIntire	Shelley
Celler	Miller, Calif.	Sieminski
Chatham	Morgan	Staggers
Chelf	Moulder, Mo.	Sutton
Chiperfield	Nelson	Thornberry
Clardy	Norblad	Tuck
Condon	Osmers	Velde
Davis, Tenn.	Patten, Ariz.	Weichel
Dingell	Pillion	Wilson, Tex.

The SPEAKER. Three hundred and seventy-eight Members have answered to their names. A quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

INTERIOR DEPARTMENT APPROPRIATION BILL, 1955

Mr. FENTON, from the Committee on Appropriations and on behalf of Mr. JENSEN, reported the bill (H. R. 8680) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1955, and for other purposes, which was read a first and second time and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. KIRWAN reserved all points of order on the bill.

(Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. KERSTEN of Wisconsin's remarks will appear hereafter in the Appendix.]

HOUSING ACT OF 1954

Mr. ELLSWORTH. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 485 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to

exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. ELLSWORTH. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH], and at this time I yield myself such time as I may consume.

Mr. Speaker, the resolution before us is a rule making in order consideration of the bill H. R. 7839, otherwise known as the housing bill, reported to the House by the Committee on Banking and Currency. The rule which makes this bill in order is a wide-open rule in every respect.

The bill, as Members of the House will note, consists of an amendment which strikes out the original bill and inserts language prepared by the committee in the form of a new bill. The rule takes this situation into consideration by providing, first of all, that there can be no point of order made against consideration of the substitute, then that the substitute, or committee amendment, shall be considered under the 5-minute rule as an original bill. So for all practical purposes we are considering not a committee amendment, but an original bill.

In addition to the provision in the rule just mentioned, namely, that the substitute or the committee amendment in the nature of a substitute be considered as an original bill, the Committee on Rules also provided in the resolution that any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee substitute.

As a further protection to all Members of the House, one motion to recommit is provided in the rule, and the motion to recommit may be made with or without instructions.

So, Mr. Speaker, the rule before us gives the House utter freedom to work its will on the bill when this rule is adopted. The rule provides for 3 hours

of general debate, the time to be equally divided between the majority and the minority.

The bill as reported deals mostly with the recommendations of the advisory committee which was appointed by the President and has certain objectives.

First. Maintaining a high volume of residential construction, with the assistance of mortgage insurance, secondary market, and other credit facilities of the Federal Government;

Second. Providing a more even flow of home mortgage credit to all areas and assuring flexibility in home mortgage terms to keep pace with general economic conditions;

Third. Placing much greater emphasis on improving and conserving our existing supply of housing through—

(a) FHA insurance programs which will assist repair and rehabilitation work of homeowners, provide mortgage insurance for rehabilitation projects, and bring mortgage terms for existing housing up to those applicable to new housing; and

(b) Financial assistance to help the community attack on a new broad basis its overall problem of urban blight and deterioration through rehabilitation and conservation, as well as slum clearance and urban redevelopment;

Fourth. Providing mortgage insurance to assist in bringing new privately built housing within the financial reach of a larger segment of our increasing population; and

Fifth. Substituting private sources of funds for Government expenditures wherever possible, especially in connection with the provision of a secondary market for home mortgages.

Mr. Speaker, this rule provides opportunity for the House to work its will completely on this legislation, and I urge a favorable vote on the rule.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, I am not opposed to the adoption of this rule, but there are some provisions in the bill which I am opposed to.

After debate and during the 5-minute rule, there must be major amendments adopted to provide for a practical method wherein people who are ousted from homes in slum areas can secure suitable housing within a reasonable price range. There is no provision in this bill for public housing. As the bill now stands, it is nothing more than a piece of political legislation to mislead millions of potential low-income home seekers that this administration is providing a method of aiding them in securing homes at a reasonable cost. As this bill is now written, it is a lenders or investors bill. This bill, for no reason whatsoever, adds an interest rate of 1 percent to the already high-interest rate which veterans and other home seekers are compelled to pay on long-time housing purchases.

We heard a great deal during the 1952 campaign by Candidate Eisenhower and

leaders of the Republican Party in speeches delivered in Chicago, New York, Detroit, and other critical housing areas, regarding their endorsement of a program to clear these areas of slums, substandard dwellings and trailer camps. This program, as it was outlined during the campaign, was beautiful, sounded beautiful, but, only yesterday, on the floor of this House, we saw where the Appropriations Committee, by providing a wholly inadequate appropriation, killed any hope that the low-income home purchaser had to secure aid for proper housing during this administration. It was revealed during the hearings of the Banking and Currency Committee that a \$7,600 home which includes the lot, could be purchased by a family living in a slum area at monthly payments of \$67 a month over a period of 40 years. Considering the increased rate of interest and other carrying charges involved, if the purchaser continued the transaction up to the 40th year, his home would have cost him in the neighborhood of \$32,000. In most instances, a home of this type would almost be considered a slum dwelling after 15 or 20 years. I am merely mentioning this fact to substantiate my contention that this bill is a lenders and investors piece of legislation and not a fulfillment of the promises made by this administration during the campaign to aid congested areas in securing low-priced housing.

The increase of 1-percent interest set out in this bill means that eventually this increased interest rate will spread over all debts, city and school district bonds, State debts, national debts, and charge accounts. It is estimated that the total amount of indebtedness for this increased 1-percent interest will cover over \$600 billion of public and private indebtedness. One can see where this administration is using indirectly its added tight money policy under the cover of providing homes for families in the low-income bracket.

President Eisenhower stated over a month and a half ago that if unemployment continued beyond the month of March the Government would start an economic program which would bring more purchasing power into the pockets of millions throughout the country so that factories and industries could resume production. This legislation, with its high interest-bearing provision, will work directly in the opposite direction that President Eisenhower planned on using in order to increase purchasing power. In other words, this bill will take added millions out of the pockets of the consumers of America each year, and as the years pass the siphoning of purchasing-power money will become greater. At hearings before the Banking and Currency Committee the financing plan set out in this so-called housing bill was referred to as a fraud and a hoax by one of the housing officials who stated it was absolutely unworkable. Up to this time the President's dynamic program, which included slum clearance and other laudable and necessary legislation, has fallen far short of any practical and affirmative steps toward accomplishing the same. Unless this legislation is com-

pletely changed through amendments, either on the floor of this House or in the other body, slum clearance and the elimination of substandard dwellings will fall by the wayside along with so many of the other beautiful promises made by the Republican leadership in the campaign of 1952.

In the Calumet industrial area of northwest Indiana a great number of veterans, steelworkers, and other groups want to move from slum areas and trailer camps, but they must have homes in which to live. Ninety percent of these workers cannot purchase \$12,000 or \$15,000 homes. The high cost of living prohibits those families from that home market. Thousands of these workers are now working 3 and 4 days a week, which further congests the unemployment problem. This housing legislation could be made into an instrument to provide employment as well as homeowners. This cannot be accomplished by the bankers', builders', and investors' bill which is now under consideration.

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. FISHER].

Mr. ELLSWORTH. Mr. Speaker, I yield 5 additional minutes to the gentleman from Texas.

Mr. FISHER. Mr. Speaker, in view of the understanding that an attempt will be made here today to revive and restore the public housing program after it was killed by Congress last year, I desire to address myself to that subject at this time.

The attempt to revive socialized housing, which has been so thoroughly discredited in recent years, brings the House to grip with one of the most important and significant issues that will be acted upon at this session of the Congress. Billions of dollars are involved. Deficit spending, an increased public debt is involved. The resumption of socialism in dealing with a part of America's housing is involved. Big government, centralized government, all the evils of bureaucracy are involved. So let us be sure we understand, as nearly as we can, what this is all about.

Let us take a brief look at the history of this thing. As you might expect, the first public housing began as a depression emergency measure back in 1933. Under the old National Industrial Recovery Act, with a touch of timidity, came the first authorization for socialism in housing in America. It did not look good, here in free enterprise America, but Rexwell Tugwell and his contemporaries said it was a depression measure and the emergency justified it. Only a few houses were involved, and little notice was given to the venture.

Then in 1937 the public housing proponents became a bit bolder. There had by that time been some softening of the natural resistance in this country to state socialism of that type. So in that year a more ambitious public housing program was authorized, but limited to only \$28 million a year in subsidies. It seems that by having the Federal Government pay part of the rent bills for people each month some political value had been discovered in such a scheme,

and so it began to grow. The CIO took it up, and has been one of the chief sponsors, along with the Americans for Democratic Action, since that time.

The next big drive came in 1949. By then resistance had been somewhat neutralized, and the proposal was bold and daring. No longer justified as a depression emergency, it was presented in 1949, with scant apology, in a pretense of respectability. Many false premises had been used in a nationwide scheme to snare endorsements and sell local unsuspecting groups and organizations. Those of you who were here then recall, I am sure, the lobby that was created from coast to coast—described by some as the best organized lobby in legislative history.

Someone in the House had the temerity to suggest that the program was going to cost a lot more money than the sugar-coated package would indicate. I believe it was the gentleman from Michigan [Mr. WOLCOTT], who estimated the cost at \$16 billion. That was promptly discounted by the gentleman from Kentucky [Mr. SPENCE], who stated on the floor:

We hear a great deal of talk about \$16 billion being spent over a period of 40 years. Experience has shown that the expenditures will not be anything like \$16 billion. I have no doubt that \$10 billion of \$11 billion will be the limit of expenditures under this bill.

Now we know, based upon experience and upon the assumption that the projects will be occupied by those contemplated in the 1949 act, that the total cost will be \$17 billion or more. And this does not include the high Federal administrative cost. It only includes the allowable Federal subsidies and the Federal income-tax losses on public-housing bonds held by investors.

Rushing to the relief of those who raised questions about the cost of the program, even President Truman got into the act, again, and dispatched an urgent letter to the Speaker saying, in part:

The facts are that the amount of money provided in H. R. 4009 to build 1,050,000 dwelling units will permit an average cost, at the most, of \$8,465.

But what are the facts in 1954? According to the statistics branch of the Public Housing Administration, average costs are running as high as \$12,107, just for the construction of a single apartment. Thus, the facts show that Mr. Truman was at least 50 percent off in the incorrect estimate he gave the Congress.

Now, Mr. Speaker, that must have been salesmanship at its best. Because it paid off. Some of the dubious Members decided that since the program would not cost so much, after all, they might as well go along and see how it would work out. And by now they have seen, and since 1949 many of those who originally voted for public housing have, with becoming statesmanship, realized the error and have voted to limit and reduce the evil.

Let me refer a little more to what happened in 1949. Some of you who are here now were not here then. And indeed some who were here then are not here now. The gentleman from Kansas [Mr.

REES] offered an amendment to strike the public housing feature from the bill. Battlegrounds were drawn, and on a record vote taken on that memorable day, June 29, 1949, the Rees amendment was defeated by the narrow margin of 4 votes—205 to 209. If only three Members who voted for socialized housing had voted the other way America would have been saved from this fantastically expensive experiment in socialized housing.

Well, for just whatever interest it may be to you, I will inform you that out of the 205 who resisted the pressures and voted against public housing in 1949, 136 of them are still here. Of the 209 who voted for socialized housing in 1949, 115 of them are still in Congress. I would not suggest, Mr. Speaker, that the one vote caused the reelection or the defeat of any one Member, or certainly comparatively few. But, percentagewise, the record shows that those of us who foresaw the evils and the dangers ahead fared a little better with our constituents than has been true with the proponents.

Now let me trace, very briefly, the legislative history of this program since 1949. Although the public-housing crowd were able to obtain unprecedented authority to bind the Government on mammoth housing projects without the consent of Congress, in the initiation of these projects, it was still necessary for them to come to Congress for some semblance of authority for new starts each year. Except for the initiative of our Appropriations Committee and of this House, taken subsequent to the enactment of the 1949 housing bill, Congress would not have any opportunity whatever to pass on authorizations for starts of new public housing units.

History reveals that it was not long after the enactment of the public housing law of 1949 until the American people began to wake up. People, you know, have a way of finding out things. The New York Times in a recent editorial wisely stated:

Never underestimate the intelligence of the American people, and never underestimate their knowledge of the facts in a given situation.

Many city councils had become victims of the public housing sales experts who roamed the country spending a million dollars a year in travel expense telling city councils that here was a chance to get something for nothing. Then they woke up, and the local people woke up. The news got around that the cost of these projects would be extremely high. They learned that all that glitters is not necessarily gold. They learned that the local communities had obligated themselves to forego all local taxes for a period of 40 years and that the Federal contribution in lieu of taxes was no more than 25 percent of the loss in what full local taxes would have been. They learned that all the bonds sold to finance such projects were tax free—written that way into the Housing Act of 1949—and that the Federal Government would lose tens of millions of dollars in revenue as a result.

They learned that they had obligated themselves to provide many utilities, such as sewerage, garbage disposal, fire

and police protection, schooling facilities, and other services to the favored few who occupied the public housing projects—and all for free for 40 years. Yes; they learned that in order for a few local people to get rent at a third of the cost to other local people living across the street from them a burden was unloaded on the local community for a period of 40 years, and that there was nothing they could do about it—and nothing any future city council could do about it.

So, as evidence of public alarm and enlightenment, once they found out the plain truth, out of 78 local referendums that have been conducted, according to the Public Housing Authority itself, 48 of them were against public housing projects in local communities. And at least 45 city councils have voted against projects.

Speaking of referendums, Mr. Speaker, to talk about referendums is like waving red flags in front of the chronic public housers. They literally despise the word. In 1949 the gentleman from Florida [Mr. SIKES] offered an amendment to require local referendums. It was bitterly fought, believe it or not. It resulted in a tie vote in the Committee of the Whole, and the Chairman cast the deciding vote—against requiring local people to pass on the subject.

The Congress began to feel the public reaction. So, in 1951, my distinguished colleague from Texas, Mr. Gossett, who unfortunately for the country is no longer with us, although succeeded by one of our most able and conscientious Members [Mr. IKARD]—offered an amendment to an independent offices appropriation bill to reduce new housing starts to 5,000 for the following year. On a record vote it was approved by a vote of 181 to 113, with a number of Members who in 1949 voted for the program then realizing their mistake voting against continuing the program.

Then, the following year, in 1952, I offered a similar amendment to the appropriation bill and again on a record vote my amendment was adopted by a vote of 192 to 168. Over in the other body a record vote on the same amendment was taken a few days later, and 37 voted for 45,000 while 31 voted for the 5,000.

Last year, it will be recalled, the House committee, to its everlasting credit, brought out a bill which denied authorization for any new starts. The committee report stated:

The original budget estimates, in carrying out the provisions of the Housing Act of 1949 for the fiscal year 1954, proposed 75,000 dwelling units—

That was in the Truman budget—

This estimate subsequently was reduced in a revised estimate to authorize 35,000 units. The committee is of the opinion that continuation of this program is not justified and is not in accord with the program for economy and for a balanced budget.

And the House overwhelmingly and enthusiastically sustained the committee in that sound and courageous report. Again, on a record vote the House voted 245 to 157 against a motion by the gentleman from Illinois [Mr. YATES] to re-

commit with instructions to authorize 35,000 units.

The conference report, it will be recalled, settled on 20,000. The able gentleman from California [Mr. PHILLIPS] in presenting the conference report, stated:

The Government is firmly committed, in the opinion of the subcommittee and the conferees, to contract for 8,189 units. Those are legal and binding contracts and we have no desire to attempt to stop them. In addition to the 8,189 prior units there are 834 which make a total of 9,023 units. In addition to that, there are 33,003 units contracted for which are subject to audit. These have had the contract reopened and have had what we call an escape clause or provision written in which says that they have no legal right, and that they are standing in line, and if and when the Congress at some future date allows more houses they have a priority.

And then the gentleman from California assured the House:

I believe that these 20,000 houses for this year should end this public housing program, and that in the future we should depend upon private industry with the help of FHA and similar supporting programs to carry on local construction.

The gentleman from California [Mr. PHILLIPS] was strongly supported in that position by the gentleman from Texas [Mr. THOMAS]. He very properly and eloquently reminded the House of the fantastic cost of this program; of the fact that the program would take care of one-tenth of those of comparable need who occupy them; of the further fact that there can be no more justification for paying part of the rent bills for these favored few than there would be to pay part of their medical bills or their grocery bills. And the House approved the action of the conferees, and by doing so spelled out the end of public housing in America unless some future Congress should see fit to reverse that action. And I understand such an attempt will take place here today.

In view of the history of this program, it is difficult to believe that today, after the great achievement of last year, we will march back down the hill. It is difficult for me, at least, to believe, that those who have so often reminded the country of the evil of this socialistic scheme will now faint and falter and fall at the feet of the foe.

If public housing was bad in 1949, as a matter of principle, it is equally as bad in 1954.

If, as a matter of principle, public housing was bad on yesterday, then as a matter of principle it is bad today. We have involved here a basic principle of government with the implications that are inescapable here in free enterprise America. I realize that political expediency is sometimes a powerful factor in legislation. But surely not when a basic principle is involved, as is true here today.

I have heard it rumored around here that some will compromise their position on the theory that the program will be resumed a little, because a little will not hurt very much. That is remindful of the contention that just a little pregnancy will not hurt—very much. This

thing is either bad or it is good, as a matter of principle, and it should be so treated here today. Do you favor home ownership, or do you favor State ownership? Over the long pull the two just do not mix. So we cannot escape our responsibility here today. The great Edmund Burke once said:

For evil to succeed, it is only necessary for good men to do nothing.

The decision today will indeed be a momentous one. An English poet once wrote that—

Vice is a monster of such frightful mien
As, to be hated, needs but to be seen;
But, seen too oft, familiar with its face,
We first endure, then pity, then embrace.

Let us hope, Mr. Speaker, in this day of decision, that the traditional enemies of state socialism have not endured, then pitied, and now found to embrace the most socialistic and indefensible scheme that has ever been undertaken by the American Government.

Mr. ELLSWORTH. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. COLMER. Mr. Speaker, will the gentleman yield for a brief question?

Mr. FISHER. I yield to the gentleman from Mississippi.

Mr. COLMER. I want to compliment the gentleman on the splendid work that he did when he offered the amendment before. I want to ask the gentleman if it is not a fact that if this ambitious program, as originally laid out for 40 years, were put into effect, and when people moved into all of the units, if we required them to take a deed in fee simple, without any obligation whatever, to the property that they took over, would the Federal Government not be better off in excess of \$14 billion?

Mr. FISHER. The gentleman is absolutely correct. It is substantiated by the records and facts. It would be much better to give them a deed to these things instead of carrying this load by issuing bonds that are tax free for 40 years to raise the amount of revenue for the United States Treasury. The gentleman is absolutely correct.

(Mr. McCORMACK asked and was given permission to extend his remarks at this point and include two letters from the Comptroller General of the United States to the Administrator of the Housing and Home Finance Agency.)

(The letters referred to are as follows:)

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, May 18, 1953.

The ADMINISTRATOR,
Housing and Home Finance Agency.

MY DEAR MR. ADMINISTRATOR: Reference is made to your letter of May 5, 1953, requesting a decision as to whether the second clause of the third proviso under the heading "Public Housing Administration" of the Independent Offices Appropriation Act, 1953 (66 Stat. 393, 403), is being correctly interpreted.

The proviso in its entirety reads:

"Provided further, That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, (1) authorize during the fiscal year 1953 the commencement of construction of in excess of

35,000 dwelling units, or (2) after the date of approval of this act, enter into any agreement, contract, or other arrangement which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction, for dwelling units aggregating in excess of 35,000 to be authorized for commencement of construction during any 1 fiscal year subsequent to the fiscal year 1953, unless a greater number of units is hereafter authorized by the Congress."

You state that three possible interpretations may be placed upon the second clause, as follows:

"1. That, from and after the effective date thereof, the PHA may continue to enter into loan and annual contributions contracts up to the entire 810,000 unit maximum authorized by section 10 (e) of the United States Housing Act of 1937, as amended, provided there is included in all such contracts entered into after said effective date provisions which make it clear that, under the terms of such contract, the PHA is in no way obligated to authorize the commencement of the construction of any of the units covered by such contract if such action would result in the commencement of the construction, during any fiscal year, of more than 35,000 units.

"2. That, from and after the effective date thereof, the PHA shall not, in 1 fiscal year, enter into any loan and annual contributions contracts which cover a greater number of units than is necessary for PHA to be in a position to continue to authorize the commencement of the construction at a rate of 35,000 units in succeeding fiscal years, but without increasing the outstanding backlog carried over from 1 fiscal year to the next, provided there is included in all such contracts entered into after said effective date provisions which make it clear that, under the terms of such contract, the PHA is in no way obligated to authorize the commencement of the construction of any of the units covered by such contract if such action would result in the commencement of the construction, during any fiscal year, of more than 35,000 units, or such greater number as thereafter might be authorized by the Congress for any fiscal year.

"3. That, from and after the effective date thereof, the PHA shall not enter into any new contracts for loans and annual contributions which would result in the number of units covered by such contracts and on which construction has not commenced exceeding 35,000 units at any time."

For reasons discussed in a statement dated May 5, 1953, by the Public Housing Commissioner, accompanying your letter, the second of these interpretations is being followed by the Public Housing Administration in administering the low-rent housing program. Among other things, it is pointed out that—

"The PHA has proceeded under the assumption that the objective called for by the proviso was to have 35,000 units ready for construction during the fiscal year 1953 and each subsequent fiscal year; and that its administration of the workload leading up to the point of construction, including entering into annual contributions contracts, preliminary loan contracts and program reservations, should be geared to that goal, making certain that nothing it did would bind it to authorize commencement of construction at faster rate than that provided by the proviso. In brief, the Agency felt that the proviso simply reduced the annual rate of 135,000 units, more or less, in the basic United States Housing Act to 35,000 units, and required it to reduce the rate of operations all along the line accordingly."

The necessity of preparing well in advance for the point at which construction can be authorized is explained as follows:

"It has been the experience of the Agency under the United States Housing Act of 1937,

as amended, that in order to create a sufficient workload to result in a certain number of units ready for construction in a particular fiscal year, it was necessary to place many more than that under annual contributions contracts (up to the annual contributions contract a local housing authority cannot even start acquiring sites), a still larger number under preliminary contracts (where preliminary loans for surveys and planning were necessary) and still more under program reservations. This practice is necessary for two obvious reasons: (1) A certain number of projects under program reservations never reach the point of either preliminary loan contracts or annual contributions contracts, and a lesser number drop out between the preliminary loan contract stage and the annual contributions contract stage, (2) some projects progress from the stage of program reservation, preliminary loan contract, or annual contributions contract, to the construction stage in a relatively short time; others, for various reasons such as the size of the project, problems of design, cost, site selection and acquisition, reconciliation of local differences of opinion, relocation of slum-site dwellers, etc., may take years to reach the point of construction."

It is understood from the Commissioner's statements that the Public Housing Administration has considered sound administration to dictate maintenance of a balance between development and final authorization of projects, so that the number of units ready for construction would not be greater than legally could be begun under the statutory limitations and yet would be large enough to result in a sufficient number of units ready for construction as contemplated under the United States Housing Act of 1937, as amended. Also, it is noted that in order to make certain that any underestimation of units becoming ready for construction in a given year would not place the Public Housing Administration in a position of having legally bound itself to authorize construction of a greater number than that permitted by the proviso, there is being inserted in annual contributions contracts (sec. 110 (B)) a clause making applicable the provisions of the Independent Offices Appropriation Act, 1953. Of course, the question as to whether the clause should contain a mere reference to the act or whether the limitation of not to exceed 35,000 units should be spelled out in section 110 (B) is for administrative determination.

Examination of the legislative proceedings discloses nothing indicating an intent inconsistent with the plain meaning of the language employed in the proviso. Construed in its simplest form, such language directs that the rate of construction under provisions of the United States Housing Act of 1937, as amended, be changed from 135,000 (subject to some adjustment) to a maximum of 35,000 dwelling units during the fiscal year 1953 and each successive fiscal year and that no arrangement be made "which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction" to authorize commencement of construction in excess of the rate specified.

The reasons advanced for selecting the second interpretation indicate such an evaluation of the proviso. In view of the Commissioner's explanation of the practical difficulties encountered in initiating projects and bringing them to a point where construction may be authorized, a factor recognized in the legislative discussions, there appears some possibility that any one of the three interpretations, in view of the savings clause utilized with respect to commencement of construction (it is understood informally that such clause limiting construction authorization would be incorporated in agreements under the third interpretation as well as in agreements under the other two inter-

pretations), might be regarded as not contravening the terms of the proviso, although the first, and particularly the third, could be questioned on the ground that they did not adequately adjust preliminary negotiations. However, without passing on that phase of the matter, and recognizing that the mechanics by which the revised rate is to be given effect are primarily within the area of administrative discretion, it is the view of this Office that the specific steps contemplated by the second interpretation to adjust the rate of preliminary negotiations to the new rate of construction authorization are consistent with the statutory direction, which, reasonably construed, appears to require that there be maintained a program of negotiations as well as commitments to accomplish a construction rate of not to exceed 35,000 dwelling units, annually, on a fiscal year basis.

Accordingly, and in answer to your specific question, you are advised that this Office, on the basis presented, perceives no reason why the Public Housing Commissioner's interpretation of the second clause of the proviso is not legally proper.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General
of the United States.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, October 19, 1953.

The ADMINISTRATOR,
Housing and Home Finance Agency.

MY DEAR MR. ADMINISTRATOR: Reference is made to your letter of October 6, 1953, requesting a decision concerning the propriety of certain policies proposed by the Public Housing Commissioner to carry out program responsibilities in accordance with the terms of a proviso, appearing under the heading "Public Housing Administration," of the First Independent Offices Appropriation Act, 1954 (67 Stat. 298, 307), as follows:

"Provided further, That notwithstanding the provisions of the United States Housing Act of 1937, as amended, the Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, (1) authorize during the fiscal year 1954 the commencement of construction of in excess of 20,000 dwelling units or (2) after the date of approval of this act, enter into any new agreements, contracts, or other arrangements, preliminary or otherwise, which will ultimately bind the Public Housing Administration during fiscal year 1954 or for any future years with respect to loans or annual contributions for any additional dwelling units or projects unless hereafter authorized by the Congress to do so."

If adopted, the proposed policies would—

"1. Limit authorization of commencement of construction to 20,000 units during the fiscal year 1954.

"2. Comply with the obligations under existing annual contributions contracts for units in excess of the 20,000 by advancing funds for planning, site acquisition, and other costs of development prior to authorization of commencement of construction."

The Public Housing Commissioner's program responsibilities, as modified for the fiscal year 1953 by provisions of the Independent Offices Appropriation Act, 1953 (66 Stat. 393, 403), were considered in Office decision of May 18, 1953, B-115087. The original rate of construction under the United States Housing Act of 1937, as amended, was reduced thereby from 135,000 (subject to some adjustment) to a maximum of 35,000 dwelling units each year, with the added direction that no arrangement be made which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction to authorize commencement of construction in excess of the rate specified. It was agreed

that the statutory direction at such time, reasonably construed, appeared to require that the Public Housing Administration maintain a program of negotiations as well as commitments to accomplish a construction rate of not to exceed 35,000 dwelling units, annually, on a fiscal-year basis.

You now advise that—

"Upon enactment of the lesser rate of 35,000 units per annum on July 5, 1952, the PHA amended as many annual contributions contracts as it could to incorporate such lesser rate of construction (such an amendment required the consent of the other party to the contract, the local housing authority) and incorporated such lesser rate in all new annual contributions contracts executed thereafter. As a result, the PHA now has approximately 47,699 units under annual contributions contracts which incorporate the 35,000-unit rate and approximately 8,255 units under annual contributions contracts which incorporate only the limitations of the basic act."

Any uncertainty in the present matter seems to arise in ascertaining whether commitments under existing annual contributions contracts covering units in excess of the 20,000 authorized to be constructed legally may be honored if it is administratively determined to do so. The problem, therefore, is not so much one of determining the extent of binding obligation assumed under such contracts as it is one of construing the legislative direction for the purpose of establishing whether or not it was intended that the obligations involved be abandoned. The prohibition in the proviso against any new arrangements that may ultimately bind the administration for additional units or projects, reasonably appears to negative any inference that its terms contemplate abandonment, in the absence of explicit direction to do so, of all existing contracts covering units over and above the 20,000 authorized to be constructed. Not only is there absent from the language employed any direction in this respect, but discussions during the legislative proceedings as a whole indicate that the problem of meeting commitments already undertaken was recognized and left for future resolution. In this connection, it is observed that the proviso also ordered a study of the low rent housing program to be made and submitted to the congressional committees for guidance in future legislation and that, in the final conference report (H. Rept. No. 997, 83d Cong., p. 10), it was commented "The conferees realize that one Congress cannot bind any other Congress on this or any other housing program."

Accordingly, if the Public Housing Commissioner should decide to adopt the policies set forth above, this office would not feel required to object thereto.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General
of the United States.

Mr. ELLSWORTH. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Speaker, I asked the gentleman from Texas [Mr. FISHER] to yield when he had concluded his remarks, but he did not have time, so I have taken this minute to ask him one simple question.

I wonder if he holds with the late Senator Taft and Senator ELLENDER that they were socialistic when they sponsored this very program.

Mr. FISHER. The gentleman asks that question of me?

Mr. CANFIELD. Yes.

Mr. FISHER. I am not going to undertake to appraise the minds of individuals and try to decide what they inter-

pret as being socialism. But I say this, that if there were a condition where the State owned all of the houses in America and rented them to people at one-third of the cost, I would say that smacked of socialism to me; it may not to the gentleman.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. WILLIAMS].

(Mr. WILLIAMS of Mississippi asked and was given permission to revise and extend his remarks.)

Mr. WILLIAMS of Mississippi—

It comes as no surprise to you who have served with me here when I say that in the past I have opposed Federal public housing; as a matter of good conscience I have opposed it. My stand has been made known here time after time as the matter has been before us.

Mr. Speaker, those are not my words, although I subscribe to the thought. Those are the words of the distinguished majority leader, the gentleman from Indiana [Mr. HALLECK], spoken in this House on April 22, 1953, just 12 months ago, and appearing at page 3677 of the CONGRESSIONAL RECORD.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield.

Mr. HOFFMAN of Michigan. Does not the gentleman realize that we now have a Republican President?

Mr. WILLIAMS of Mississippi. Well, I am not sure.

Mr. HOFFMAN of Michigan. Will the gentleman let me agree with him in that statement?

Mr. WILLIAMS of Mississippi. I do know that the leadership of the Republican Party has been very active in its opposition to Fair Dealism and New Dealism, for 20 years; and the distinguished gentleman from Indiana, the majority leader [Mr. HALLECK], has a very consistent record of opposing New Deal and Fair Deal measures. That is, from the time that he came to Congress up to and until January 1953; but since that time I daresay he has the best record of any Member in the House in support of Fair Deal and New Deal measures. It is rather difficult for me to reconcile.

Mr. Speaker, it is my information, if the press is reporting this matter accurately, that the Republican Party—under the leadership of their great President—is supporting a public-housing amendment to this legislation. I was somewhat surprised by that because their position has always been the opposite.

The chairman of the Republican National Committee, Mr. Leonard W. Hall, speaking in opposition to a cooperative housing bill, which is just about half as socialistic as public housing, on March 22, 1950, when he was a distinguished Member of the House, said:

Mr. Chairman, I am opposed to the cooperative-housing features of this bill because it is another long step down the road to socialism. If a cooperative-housing bill like the one now before the House were enacted, it would hasten a day when Americans would be living in Government houses, working for the Government, and paying

most of their income to the Government. In short, this kind of bill would speed up the creeping paralysis of socialism.

But that was Democratic socialism in those days.

Then the gentleman from Illinois [Mr. ALLEN], the eminent and courageous chairman of the Rules Committee, on June 22, 1949, in the CONGRESSIONAL RECORD, made this statement:

I would say that the principal reason I am opposed to this bill is it is my unqualified belief that this nor any other Congress has the right—

He was speaking during debate on a public-housing bill—

to tax one group of neighbors to provide some other neighbors selected by some bureaucrat—

He did not say "Democratic bureaucrat." Is it possible he could have intended to distinguish between Democratic and Republican bureaucrats?—with a ten- or twelve-thousand-dollar home for which the second man will have to pay but a fraction while the first man will pay the remainder for him.

Oh, here comes our beloved Speaker, our very dear Speaker, for whom all of us have the greatest respect. I love him and I know you love him. He is a great party man, he is a great American and a great statesman. But even our venerable Speaker is susceptible to changing his position. Let us see what he had to say.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I will reread these words of wisdom into the RECORD. The present Speaker, debating the original public housing bill said this:

We have a national debt of \$252 billion.

You see that was back in 1949. It is \$274½ billion now, as I understand it. That was \$22 billion ago.

He said further:

Our cost of Government is over \$42 billion.

Well, the President says it is going to be \$65½ billion next year.

Continuing:

We are groaning under heavy taxes of city, State, and Nation. All this at the time of a declining business.

We did not really know anything then about declining business, did we? Business is really hurting now.

There is only one chance for America and free people in every part of the globe. We must keep this country strong and solvent; to do this we must forego some of the things we would like to do.

I cannot read it all, but the Speaker said in closing:

Let us make this Nation one of self-respecting home owners rather than a nation of subsidized tenants in Government projects. Let us remain a free people.

I come now to the gentleman who sent this bill over here, the distinguished Housing Administrator, Mr. Cole, of Kansas. He is the gentleman, you know, whose name will be emblazoned across the pages of history as the only

Republican Congressman to hold the distinction of being defeated by a Democrat in the history of the First District of Kansas. Why, he managed to lose even when his own party swept the rest of the country in a landslide. He said this about the so-called low-rent housing plan—this is Mr. Cole speaking, and appears in the CONGRESSIONAL RECORD of June 29, 1949:

For the following reasons I object to the low-rent housing plan:

1. The first objection is that it is privileged and discriminatory housing.
2. It will not clear the slums.
3. The poorer folks will not be housed under this program.
4. It builds a tremendous political machine.
5. It violates the rights of the minorities.
6. It is excessive in cost, and there are no brakes on the excessive cost.
7. It tends to destroy private homes and private business.
8. It tends to destroy our form of government.

And, if you will go back to the CONGRESSIONAL RECORD of that day, you will see that he cited, in support of his position in opposition to the socialized plan of housing, none other than our President, then General Eisenhower.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. ELLSWORTH. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

BILL HARMFUL

Mr. PATMAN. Mr. Speaker, this bill as presented by the committee does not contain help for the middle and low income groups. If there is to be a provision for public housing inserted, it will be the only attempt that I have heard of that will really be intended to help the low or the middle income groups. In 5 minutes it is difficult to explain a bill, and I shall not attempt to explain the bill except to say that this bill as presented by the committee has more harm in it than it has good.

ANTIVETERAN BILL

Although I am not impugning the motives of anyone or questioning their patriotism or desire to be helpful to their country—I am sure they have their own conception of things just like I do—but whether intended or not, I am sure it was not intended, this bill is a lenders' bill. It is an investors' bill. It may be called, if you analyze it carefully and evaluate its terms, an antiveterans' bill. Remember, I said "an antiveterans' bill." And, I can convince you that that is the truth.

This is a dangerous bill as it is presented by the committee. I did not vote for it for that reason. Now then, let me tell you just one thing about it. It increases interest rates 1 percent. What does an interest rate of 1 percent mean? We have debts in this country aggregating \$640 billion, including the national debt, the debts of the States, counties, cities, political subdivisions, and installment purchases.

HIGH-INTEREST BILL

If we are going to lay down a pattern to be governed by, by voting for this bill and endorsing a 1-percent interest increase, that means \$6.4 billion a year at

1 percent when it finally goes clear across the debt board. That is an increase of \$40 per capita on 160 million people. On a family of 5, that means \$200 a year it will cost that family. That means that this family of five, instead of buying food and clothing and the necessities of life with that \$200, will have to take out of their meager budget the \$200 for that purpose, and divert it to the payment of interest. That is what this bill means. This is a high interest bill. It means a per-capita annual increase when it goes clear across the board, of \$40. Nothing has been said about that.

This is a dangerous bill. At the very time that interest rates should be going down, this bill does the opposite. Not so long ago the powers that be were persuaded to increase the veterans' interest rate up to 4½ percent, on home loans. It went up from 4 percent on the unanswerable argument, I will say, that Government bonds had gone down and therefore with the interest rate on those bonds of approximately 3 percent in order to give them 1½ percent spread or margin, they were entitled to 4½ percent. They were right about it. But since that time the hard money policy has been changed and Government bonds have gone back to par and the interest rate to 2½ percent. The same argument that caused the veterans' interest rate to go up to 4½ percent would now compel it to go to 4 percent in order to give them a margin of 1½ percent. But they are not putting it back.

This bill not only does not put it back, but it endorses a 1-percent additional increase on top of it.

There is a hidden bomb in this bill against the veteran. Let me invite it to your attention. It is hidden; it is hard to find. But this bill would increase the interest rate on the veterans without saying a word about it—not a word. It does not mention veterans.

The SPEAKER. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I shall address myself not to the bill as it is now but as some people hope it will be when it leaves the House today. I shall address myself to the so-called public housing, sometimes called socialized housing program which, I understand, it is intended to reinsert in this bill today.

I want to direct attention, and I want to talk particularly to my conservative friends on the Republican side, of whom there are many. I know that some of my Democratic friends over here are liberals. I can respect their views, because they believe in socialized housing. They are honestly for it. So I shall not address myself to them. They are the originators of the program. The others on this side are merely, as I understand, copying what has been done by the liberal group. Last year I want to remind you that when the public housing was a Truman program, this House after long debate and with the aid of the Republicans, with the minor exception of 23 votes on your side when you had a majority of

the House absolutely repealed public housing. You put a stop to it. And you put a stop to it because it was described by leading Members of the Republican side of the House, quite aptly and rightly, as un-American. It was described as monstrous. It was described as uneconomical. It was described as socialistic, by your Members. And it was described as highly political.

Today we have the statement that the majority side, in spite of those statements, and in spite of its action a year ago, proposes now to reinstate and revivify the public housing that they have denounced so loudly over the years.

Mr. Speaker, how highly political can we get? I wonder if my good friends—and I have a great admiration and respect for many Republicans on that side—can stand for this thing.

I was amazed and shocked, and that is the reason I am making this talk this morning, when I read in this morning's paper that the President said that he is confident that the House with Republican leadership support will write into the general housing bill a provision explicitly authorizing the construction of 35,000 houses. You do not think you are going to get away with that. My New Deal friends over here are going to jump it right off. When did you get the notion that you could outdo the New Deal? This is not funny.

In last year's election my good State of Virginia, which is a conservative State, voted Republican, and many of the Southern States voted Republican. They voted Republican because they expected a sound, conservative Government and a balanced budget, and that is what they were promised. That is the reason they voted Republican. They voted Republican because they thought there was a standard to which they could repair that would not be hauled down at the first assault of political expediency.

This is an election year. Do not think you are going to make friends with those who advocated and originated this "monstrous" scheme, as you have heretofore termed it. You cannot do that.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. The gentleman has made reference to how the people of his State voted. The other day we had a motion to recommit to raise personal tax exemptions by \$100, which the President said was the cornerstone of his program. The gentleman from Virginia now occupying the floor did vote against the motion to recommit, but none of his colleagues from his State on his side of the aisle did.

Mr. SMITH of Virginia. That is entirely aside from the question we are discussing this morning. I am just wondering why my good friend from Indiana raised that question; to divert me from the question that is before the House today, that is, who are the New Dealers in this Congress? I knew who were the New Dealers in the last Congress, but who are the New Dealers in this Congress, as I tried to say a few minutes ago?

Of course this 35,000 is a small number. Yes, it is a small number of houses compared with what my friends on the right over here propose to do. But this thing of virtue—if this was a socialistic program with 75,000, it is just as socialistic with 35,000 and just as socialistic with 1,000. Virtue is not something like a garment, that can be donned and doffed at will. When you once yield it, virtue is gone forever. You cannot get it back.

I want to give a few figures here about this thing. I know the Members of this House do not understand it. It was referred to here awhile ago that this would be a cheaper program if you would build the house and make the tenant take a deed in fee simple to the property. I want to demonstrate.

There is \$365 million a year authorized for subsidies and the program runs for 40 years, which comes to \$14,520,000,000. That is a subsidy. But the total cost of the houses at the maximum cost, which is estimated by the chairman of the Committee on Appropriations at \$14,000 per house, would be only \$11,440,000,000. I expect to offer an amendment. If you would just give the tenants a deed for these houses when they are completed and stop paying this subsidy which is more than the cost of the houses, you would be doing a real New Deal thing, a really socialistic thing, and you would be doing a wonderful thing for these people, and you would also at the same time be saving the Treasury a good many billions of dollars.

Mr. Speaker, since my time is limited here on the floor, I want to say that I have been here a long time. I have looked to the Republican Party on the other side of the aisle for a conservative form of government. I never expected to see the day when, like today, the great Republican Party would be hitchhiking on the New Deal bandwagon. And I never expected to live to see the time when this unnatural thing would occur, that the great Republican elephant was seeking to ride piggyback on the Democratic donkey.

Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, I take this minute to invite those gentlemen who have addressed the House and dubbed this public-housing program as socialistic to please stay on the floor during general debate, and when amendments are offered to the bill. At that time, I would like them to give us some statistics. Public housing has been built for 425,000 families since 1937, we have about 40 million families in this country. Someone should be able to point to at least 1 family out of those 425,000 families which has been converted to socialism or communism. I challenge the opponents of public housing to submit some evidence.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. ELLSWORTH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 7839, with Mr. REECE of Tennessee in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the Committee on Banking and Currency has brought to the floor for consideration a most comprehensive housing bill. Without debating the question of liberality as a relative term, I think I can say that about the only criticism which we have heard about this bill is that it was too liberal. The fear all the way through from the original negotiations with respect to the President's program was that we were getting too liberal with respect to housing and the financing of housing. So I think when the Members read the report they will find that there is a degree of controlled liberality in the bill which satisfies the most liberal Members of Congress, but which should not alarm the most conservative Members of Congress.

The program as submitted to us by the President is a well-balanced program. It will make probable the production of up to 1,400,000 units a year of new homes; and it makes probable, through rehabilitation, repair, and modernization of old homes, an estimated number of newly conditioned homes between six hundred and seven hundred thousand. So we can refer to this bill, without fear of successful contradiction, as a bill which will make it possible for the American people to have something over 2 million livable units a year if it is enacted.

There are a great many benefits in the act to the potential home owner, and in consequence to the industry which will build and finance those homes. I should like to briefly state some of them, but before I go into the details of it I shall say that it has been confirmed, and I am at liberty to state that this bill contains 99 percent of the President's housing program. That means that this is an administration measure and that the great President of the United States gives his wholehearted support to 99 percent of its provisions. Any Members who are actuated to support or oppose this bill for the reason that the President might take a different attitude, I hope will have that fact in mind.

The bill liberalizes home construction and the financing of home construction in many respects, as I have said—and I shall enumerate them very briefly, for I assume we will get into the details as

we go along with the reading of the bill. In the first place let me call attention to the fact that in the so-called title I provisions which you will recall have to do with modernization and repair of existing homes, we increase the insurance of a loan from \$2,500 to \$3,000 and increase the period of amortization from 3 to 5 years. That program has been of inestimable value in the repair of existing homes, and it has been used quite generally as ancillary to the slum-clearance programs and the urban redevelopment programs which are called in this bill urban renewal programs. It has been used extensively and because of the fact that we raise the amount which may be insured from \$2,500 to \$3,000 and increase the period of amortization from 3 to 5 years, we expect that provision will be used more extensively than it ever has been in the past.

Let me also say that the \$10,000 maximum limit on the multiple-unit operations repair program has been changed from \$10,000 to \$1,500 per unit, whichever is the greater, and the term increased from 7 to 10 years. That will do much in the slum-clearance urban redevelopment to make available existing multiple dwellings for those not only who would be replaced by an urban renewal program, a slum-clearance program, but also for all others.

There is a chart in the report which will allow you to follow what I am about to say. It is found on pages 4 and 5. The chart speaks for itself.

Section 203, under which most of the construction is done for residence purposes, has been liberalized in the following respects—and this is probably the most important part of the FHA program: The maximum mortgage can now be 95 percent of the first \$8,000 and 75 percent in excess of \$8,000, as opposed to existing 80 percent in some cases. I ask you again to refer to the tables on pages 4 and 5 of the report. The maximum maturity of those same loans has been increased in this bill to 30 years. It was formerly graduated from 20 to 30. We moved that up to a maximum of 30 years; it is quite liberal.

Existing houses: Therein we consider that there are probably 600,000 to 700,000 units which may be made available under the rehabilitation program. Existing houses are eligible for the same mortgage-insurance terms as new houses; in other words, they are all in the same category; it does not make any difference whether it is an existing structure, an old house, or a new house, the same liberal insurance terms apply. Throughout the years existing construction has been limited to 80 percent. The mortgage can be insured as high as 95 percent on homes which, after the work has been done, sell for less than \$8,000.

There are certain elements I think we should have in mind. There are a good many old structures, so-called old structures which by modernization, repair, alteration, can be made available to low-income people. For example, three-bedroom houses which might be rehabilitated under the terms of this bill may be sold on the market for less than a new two-bedroom house. I think we

have really accomplished something in that respect.

The mortgage maximums on 1-, 2-, 3-, or 4-family units have been increased from \$16,000 to \$20,000, from \$20,500 to \$27,500, and from \$25,000 to \$35,000 respectively.

I think I should say in this respect it may be contemplated that temporarily new 1- or 2-family structures may be used for other than housing purposes. We have provided in the bill that these structures may be temporarily used for school purposes. Where we have an area in which there is an impact on facilities, including schools, due to changes caused by an influx of population and we all have that, I believe, in most of our districts, before facilities can be made available, especially schools, we provided that temporarily this housing can be used for school purposes until the localities have caught up with building demands in those respects.

We also amended section 207 which provides for insurance on rented properties. Section 207 under title II of the act has to do with multiple dwellings as opposed to the single-dwelling owner occupied. They are usually built, of course, for rental purposes.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, throughout the bill, therefore, we have liberalized the provisions to a point where it surely will not be the fault of Government, it surely will not be the fault of the Congress if this bill is adopted, if anyone is denied the privilege of purchasing a home on very reasonable finance terms.

To make this program available and workable the bill will provide for an increase in the next year of almost \$3,600,000,000 of new insurance authority. At the present time the authorization is about \$22,500,000,000. FHA will have committed and used by the 30th of June this year about \$21,400,000,000. We have new authority in this act for about \$1,500,000,000 and the President may increase that, if necessity arises, by another \$500 million, making \$2 billion.

Then there will be the usual annual turnover of properties which come out from under insurance for various reasons, the programs expiring, the mortgages paid up, and so forth, of \$1.6 billion, so it will make available for the next year about \$3.6 billion. Consequently there will be ample insurance authority with respect to the FHA programs.

Mr. Chairman, I might say in closing that there will be a great deal of debate on the flexible provisions of this bill which give to the President, under very well defined conditions, the opportunity to vary the interest rate to fit the program into the economy generally. Notwithstanding any arguments to the contrary, we do not anticipate, if the economy remains as strong as it is and as strong as we expect it to be in the foreseeable future, any change in interest rates which are set as a maximum now of 4½ percent on FHA and 4½ percent on VA programs. The President is also given authority to vary the downpayment

and the terms of amortization for the same purpose.

Now, we have heard during these last few months hours of debate on whether we are in a rolling adjustment or whether we are in a recession likely to go into a depression. Without arguing the point, may I say that it is going to be rather difficult for anyone who sees any danger to our economy resulting from this adjustment which we all agreed we would have to go through when we stopped inflation as a matter of Government policy and before economic stability could be established to argue against the provisions providing for flexibility in this bill. This period was foreseen by every economist in the country. Many politicians who are now decrying the fact that national income is not quite as high as it was last year—foresaw as long ago as 2 years that there would be of necessity a transition period between the stopping of inflation, whenever it was stopped as a matter of Government policy, and stability which we are seeking to accomplish under the policy of the present administration. We are going through that transition period now, and this bill is geared to that transition period. Whether it is inspired for political expediency or whether it is predicated on sincere economic thinking, those who are so fearful that anything is going to happen to our economy by reason of a slowing up of building construction as it applies to homes, better give these tools to the President to stop it.

Mr. SPENCE. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I think the matter that is considered by this bill is one of supreme importance. The strength of our Government is in the independence and in the self-respect of its citizens. For the people to be well housed not only means much for their comfort and convenience, but it is an insurance of the stability of our institutions. I say that because I have seen something of the conditions abroad. I have seen something of the conditions in South America. There is no middle class in some of those countries. In most of the South American countries, there are the very rich and the squalid poor. That is the reason there is very little stability, because the independent, self-respecting middle class is not there.

I am not afraid of socialism. Every step forward we have taken has been branded as socialism. When we passed the Federal Deposit Insurance Corporation law it was considered socialistic. When we passed the Federal Savings and Loan Insurance Corporation law it was considered socialistic. The insurance of loans to our people in order that they might obtain homes was considered socialistic. Old-age assistance was socialistic, and all the other activities of the Federal Security Agency were socialistic.

If we had been frightened by words we would have made no progress. I am not frightened by words.

The public-housing program has been scuttled, but it was not scuttled by the Committee on Banking and Currency. It was destroyed by the Appropriations Committee who obtained a rule from the Rules Committee waiving all points of

order. After we have considered these matters in the Committee on Banking and Currency for weeks, with a stroke of the pen they destroyed it. That is not the orderly process of legislation. That is not what the experience of mankind has taught us is good legislation. Parliamentary law has grown up like the common law, by the experience of mankind, through the years, by trial and error.

It was provided that legislative committees would pass upon legislative subjects and that the Appropriations Committee would appropriate. Yet now they come here and say, after a battle, that they have stricken out all of the public housing. They did not do it with any consultation or cooperation of the Committee on Banking and Currency.

I hope sincerely that this bill will do what it provides in its title, to provide for and to improve housing, to eliminate and prevent slums and to conserve and develop urban communities. I have serious doubts that it will accomplish any of these objectives. Public housing has been eliminated from the bill. The ultimate object of this bill is to clean up the slums and to furnish homes for the people. If this bill does not result in that, then it does not perform any service.

The authors of this bill have devised a fantastic scheme by which a man who now lives in a slum and wants to obtain a home can secure a loan, the maturity of which is 40 years, for a house costing with the land \$7,600. The monthly payments, I understand, will be about \$67. I do not know the income of people living in the slums who would be given the privilege of purchasing this character of property. But if they find they are unable to take advantage of the provisions of this law the whole program will fall to the ground for there is nothing other than this section that provides for any slum clearance.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Will the gentleman express his opinion as to what kind of house one could build in the city for \$7,600, having in mind a young couple with a growing family?

Mr. SPENCE. Unless the house is well taken care of, I imagine that at the end of the maturity period of 40 years they will have the mortgage but not the house.

That is the program they have substituted for public housing. At the end, however, of 20 years, if the mortgage is not in default the lender can ask for debentures which will be made in the sum of accrued interest and principal. He gets a negotiable instrument bearing interest, which he can dispose of; but the borrower still has to continue paying on his mortgage for the following 20 years.

There is another provision. While the majority party constantly criticizes legislation passed by the Democratic Congresses as socialistic, the subject I am about to discuss is cited as an example of how to stimulate private enterprise.

The secondary market for mortgages is the Federal National Mortgage Asso-

ciation. It is provided in the bill that when a lender sells his mortgages to FNMA he must accompany them with 3 percent of the amount of the mortgages so sold, for which he shall get certificates. When the certificates are sufficient to purchase the stock of FNMA, shares of stock will be issued to these persons as their interest may appear.

Of course, this 3 percent will be added to the cost of the mortgage and ultimately the stock now owned by the lender will have been paid for by the borrower. That is the fantastic device by which this corporation is going to be transferred from the Government to the private financial institutions.

These are just camouflage words, "socialism" and "private enterprise." They are used for the purpose of prejudicing and misleading.

I think if interest rates, charges, down-payments, and maturities are authorized to be fixed by an individual, it would be appropriate to give the power to the President. However, this discretion should not be given to any individual but should be incorporated in plain language in the law. As written, the bill gives to the lender no definite information as to what he will receive and to the prospective borrower no definite information as to what he shall pay. The President can change the interest rate as he desires within the limitation prescribed; that is, he can fix the rate anywhere within the periphery of the going interest rate and 2½ percent additional. This is a power which is essentially legislative, and I think the Congress, when it legislates on subjects of this character, should let the people know just what they are up against and what they have to pay, and what they can reasonably expect the loans will cost them. If this legislation fails, we have no substitute for it. If this legislation fails, the housing program fails. They have eliminated public housing entirely. No provision has been made which gives the veteran any benefit. There was no provision in the bill originally for any loan to the farmers. However, the Farm Home Administration provision was offered as an amendment in the committee and adopted. But, after all, the result of legislation depends upon the sympathetic manner in which it is administered, and I do not think the farmer is going to get very much help as a result of this bill.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. MADDEN. On a house which costs \$7,600, has there been any estimate by members of your committee as to how much that would eventually cost the buyer, if he continued paying over a period of 40 years?

Mr. SPENCE. As I understand it, it would cost him \$67 a month for 40 years. At the expiration of 40 years, he would pay considerably over \$30,000 for the property.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. FOUNTAIN. I have just made a computation on the basis of 480 months at \$67 a month. The total paid, including the so-called \$7,600 principal, inter-

est and possibly taxes, would amount to \$32,160 for a period of 40 years.

Mr. SPENCE. Yes, I think the gentleman is correct. There is no diminution of the amount of the monthly payment. That payment is made straight across the board. The last payment will be the same as the first payment. The first payment is \$67 and at the end of 40 years, the last payment will be \$67.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. McCORMACK. In order to have the record complete at this point, on the \$7,600 house to be paid for over a period of 40 years, the total paid would be \$32,438.40 and the monthly payment would be \$67.58. And under this bill, if it becomes law, the Administrator can give a waiver or authorize the building of an \$8,600 house in high-cost construction areas, as I understand it, in which event the cost over a period of 40 years would amount to \$36,162.80 and the monthly payments would be \$75.36.

Mr. SPENCE. I think that is correct.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. TALLE. The gentleman has mentioned the figure of \$67 a month. Will the gentleman state the items that are included in the \$67? Surely it is not for the house alone?

Mr. SPENCE. No, no; I did not mean to say that. It includes the other services.

Mr. TALLE. Will the gentleman state what the services are?

The CHAIRMAN. The time of the gentleman has expired.

Mr. SPENCE. Mr. Chairman, I yield myself 2 additional minutes. Sixty-seven dollars is the amount that the buyer would have to pay for housing. That is my point.

Mr. Chairman, I must decline to yield further.

Mr. Chairman, the gentleman who preceded me has resorted to poetic quotations to try to bolster his argument. I have in mind a quotation which I think is applicable to slum clearance:

Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay.
Princes and lords may flourish and may fade—

A breath can make them, as a breath has made;

But a bold middle class, the country's pride,
When once destroyed, can never be supplied.

It is a much more dangerous thing to our country to refuse to assist those who are in need by reasonable legislation than to be deterred by some slogan that says, "This is socialism." Everything we have done that has been progressive has been banded as socialism. That does not strike me at all. I am glad to go back and tell my people that I tried to do what I could. While it is unfortunate, we have to do it. It is truly American. It is truly patriotic and it is truly constitutional. The Constitution is not a straitjacket. I have as much reverence for the Constitution as any man in the world, but it must bend sometimes to meet the public good, and we expect to do what we can to see that

that is accomplished. I wish to read this editorial from the Washington Post and Times Herald this morning:

DRAG ON URBAN RENEWAL

While the parliamentary tangle in which the housing program is caught is highly complicated, there is no question as to what the majority of the House was trying to do. They wanted to kill public housing. If they should succeed in this effort, they would strike a critical blow at the hopeful and progressive efforts of dozens of cities to rid themselves of the incubus of slums.

The original fault lies with the House Appropriations Committee, which sought to confine the housing program to the 35,000 units already under contract. It proposed to wind up public housing after permitting 20,000 of those units to be built next year and the other 15,000 units the following year. Since the Rules Committee refused to protect this legislative provision in an appropriation bill with a special rule, it was knocked out on a point of order with the hope that such action would halt all public housing. But the opposite seems to be true. There is now agreement that the elimination of this provision will leave the administration free to build all the 35,000 units now under contract next year.

It should not be supposed, however, that this is equivalent to approval of the President's housing program. After present contracts are carried out public housing would be completely stopped. The deplorable thing about this shortsighted decision is that it clouds the administration's entire housing efforts. The House Banking and Currency Committee has reported out a comprehensive housing bill with emphasis upon urban renewal. Well, urban renewal can go forward only if cities have some means of rehousing the families to be displaced from their worst slums. Experience has conclusively demonstrated that some of these families can be provided for only in public housing.

The law properly forbids cities to move their low-income families into the street in order to sweep away their blighted areas. In other words, a limited amount of public housing is the first essential of any comprehensive slum reclamation effort. It is most discouraging when politicians close their eyes to this established fact and pretend that there is something evil and un-American about this essential part of the antislum campaign. To our way of thinking, urban renewal is one of the most important items in the President's program, and it ought to be supported by funds for at least the 35,000 public housing units a year that the President requested.

The CHAIRMAN. The gentleman from Kentucky [Mr. SPENCE] has consumed 17 minutes.

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. McDONOUGH].

(Mr. McDONOUGH asked and was given permission to revise and extend his remarks.)

Mr. McDONOUGH. Mr. Chairman, the Committee on Banking and Currency held hearings for nearly 3 weeks, and spent considerable time in writing this bill, and I believe gave serious consideration to all aspects of housing and to all elements of the Nation that required housing, and to the economic situation that exists in the country, insofar as stimulating the construction of housing is concerned.

In my opinion, this is not only a housing bill for 1954, but it is a revision of the National Housing Act, and provides, among other things, many new features

that have not heretofore been in the legislation, which will stimulate housing on various levels that have not heretofore been stimulated.

The question of the experiment, as someone has called it, of building a house for \$7,600 to \$8,600 for the low-income group in this country was quite thoroughly discussed. The gentleman from Massachusetts [Mr. McCORMACK] just recently asked the gentleman from Kentucky [Mr. SPENCE] where you could build such a house. During the hearings I had inserted at that point when the discussion was on a survey made by the Housing Administrator where such houses could be built and the cost of them. For the information of the gentleman from Massachusetts, at Boston a suitable house can be built, according to the study made, for \$7,464, which could be financed over a period of 40 years, and could be obtained for a downpayment of approximately \$200, which will include the cost of materials and labor, subcontractor's insurance, public-liability insurance, unemployment insurance, social-security tax, sales tax, and incidental job costs, general overhead, and profit. This is a five-room house made of material that is suitable, and can be financed according to the program.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. I was going to ask if they could build a house for \$7,600, and where? I come from a rural area in Massachusetts, and the houses that are being built there, four-room houses, cost \$10,000. The way they get this price, of course, may be through building a great many; it may be that volume gives them a little greater advantage.

Mr. McDONOUGH. Undoubtedly volume would help, but that information was in the survey by the Housing Administrator. Under the terms of the previous act, he was given an opportunity to make some research in that field, as outlined on pages 327 to 333 of the hearings, including the material that goes into the house, the cost of building, design, and so forth.

Mr. NICHOLSON. Is there any public housing in this bill?

Mr. McDONOUGH. No; there is no authority for additional public housing in this bill at all. I will discuss that a little later.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. YATES. I suppose the low cost of the house can be explained by size, when the Administrator appeared before our Subcommittee on Appropriations and testified about low-cost housing, I asked him what the size of the house would be, and he said it would be approximately 720 square feet, which would mean that the house had dimensions of about 25 by 30 feet.

Mr. McDONOUGH. True, the house is not large.

Mr. BOLLING. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. BOLLING. The gentleman pointed out what would be included in such a house, and, reading from page 330 of the hearings, I think it should be pointed out what is not included in the estimates of cost. They did not include architectural services, cost of the lot, land development, carrying charges during construction, financing cost, fire insurance, or hazard insurance. One of the great problems that was brought out in this hearing—and I am sure the gentleman will remember it—is that many of these areas where these houses are needed most are very high-cost land areas.

Mr. McDONOUGH. There is no doubt about the high cost of land in various areas. However, when we consider that the bill is now amended to \$8,600 maximum cost for the house, whereas the original bill had a \$7,000 limit of cost, more leeway is given. Even under the \$7,000 limit, they were able to construct houses. The Administrator said that last year this type of house could be built for \$6,127, for instance, in Long Beach, Calif., \$6,152 in Los Angeles, Calif., and \$7,032 in Richmond, Va. The review all over the Nation shows these houses can be built; and, in my opinion, we should challenge the building-materials industry to produce materials that can be incorporated in these houses and which can be occupied by people looking for low-cost housing who do not want to go into public housing and who can own them eventually over a number of years, a 40-year period, and have some possessive interest.

Mr. CRUMPACKER. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. CRUMPACKER. It has been our experience in South Bend, Ind., that they have been able to build three-bedroom houses for a complete price, including the land and everything, of \$6,195, which is a very acceptable house and has ample room for the average family.

Mr. McDONOUGH. I thank the gentleman for that information.

Mr. MULTER. May we have the name of the place where such houses are built?

Mr. CRUMPACKER. South Bend, Ind., which is not a low-cost area, I would say.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. BYRNE of Pennsylvania. I understood the gentleman to state that a home could be built in Philadelphia for \$7,254. Where in Philadelphia? You cannot buy a lot and house in Philadelphia for that kind of money.

Mr. McDONOUGH. The survey certainly anticipated the labor cost, material cost, in the Philadelphia area. I do not suppose it is downtown in the high-cost-land area.

Mr. BYRNE of Pennsylvania. I would like to know where.

Mr. McDONOUGH. It must be out in suburban Philadelphia; and it certainly is much less than public housing which we have been informed will cost as much as \$12,000 to \$14,000 a 4-room unit.

Mr. BYRNE of Pennsylvania. I do not know anywhere in Philadelphia where you can buy a house for less than \$10,000.

Mr. McDONOUGH. I do not care to belabor the question any further on low-cost housing. I definitely believe it can be done and I think the provision in the bill is sound.

Mr. JONAS of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from North Carolina.

Mr. JONAS of North Carolina. Last year the record showed that the average FHA insured mortgage was only \$7,500 throughout the United States.

Mr. McDONOUGH. The question of how long it takes a person to pay out the mortgage and how much it is going to cost you can figure on any house with a low or no downpayment, he is going to have to pay carrying charges, he is going to have to pay other charges, and it is going to take him a long time if he does not have the means of making a substantial downpayment. However, it will be a stimulus to an individual to own a house, it will be a challenge to him to find the money to pay for it and give him some independence that he will not have if he is living in a public housing project.

Insofar as public housing is concerned, as I said before, this bill provides no public housing. If there is an amendment proposed to it I certainly intend to vote against it and if such an amendment is put in the bill I intend to offer an amendment to provide that any community in the United States that does not want public housing built in their community may by referendum of the people of that State, county, or city, may vote that they do not want that kind of public housing in their community. We have had an experience with it in Los Angeles that attracted nationwide attention. We found that the Public Housing Authority is an autocratic type of bureaucracy that we did not like; it is not American and we should do everything possible to curtail its authority.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. Is the gentleman going to discuss the actual monthly payments for this 40-year mortgage on a house costing \$7,600? There is a great deal of confusion in my mind so far as the discussion by the minority ranking member of the committee is concerned when he talked about \$67 a month. I have computed it at 4½ percent interest and it is \$34 a month. Obviously the differential must be for services that have nothing at all to do with buying a particular house and lot.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. GAMBLE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CURTIS of Missouri. I wonder if the gentleman will discuss that point, and also refer to where in the hearings the actual services that that additional \$67 must include occur.

Mr. McDONOUGH. I think the \$67 was an estimated figure, as I recall in the hearings. I do not know that anyone broke it down. I believe the gentleman from Missouri is correct; it can be much

less than \$67 per month. The \$67 a month is on the assumption that an individual would assume the obligation with no payment down, a 40-year term. If he pays something against the original cost, he is going to reduce his payments.

Mr. CURTIS of Missouri. That is what I have computed. At 4½-percent interest, paying off all the principal in 40 years, it is \$34.17 a month and not \$67. I would like someone to explain what they mean by their figures or confusing the issue by trying to create the impression that the monthly amount actually being paid for the principal and interest of the building would be anything like \$67.

Mr. McDONOUGH. I have some other points I should like to discuss here.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Kentucky.

Mr. SPENCE. I never meant to say that the rent for the house alone would be \$67.

Mr. McDONOUGH. The gentleman means the monthly payments.

Mr. SPENCE. The monthly payments include all the services.

Mr. McDONOUGH. In the gentleman's opinion, it would be \$67 a month for a \$7,000 house. That is an assumed figure that came into the hearings.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from New York.

Mr. MULTER. There is no assumption about the figures. It is fact. If you will look at page 94 of the report of the President's Advisory Committee on Housing where they recommended a 40-year term, on a \$7,000 house you will find the figure is \$62.90 and \$70.70 on an \$8,000 house.

Mr. McDONOUGH. With no downpayment?

Mr. MULTER. No downpayments; and if you make a computation on that factually and according to the figures—mathematics will not lie—it will be \$67.59. It is all right to talk about amortization and interest and stop there, but you cannot live in a house unless you pay your taxes, unless you pay for utility services, and unless you pay for insurance.

Mr. McDONOUGH. The gentleman can discuss that subject later. I do not yield further.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Connecticut.

Mr. MORANO. I still would like to know what the other services are that are included in the \$67. The gentleman from Missouri said it was \$34 a month simply for the payment, as he computes it. Now, what are the other services included in the figure of \$67.59 is what I would like to know?

Mr. McDONOUGH. That is something that the gentleman from Kentucky will have to explain because he assumed the figure of \$67.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from California.

Mr. YOUNGER. I think you will find that that includes taxes and insurance that are required to be paid, but those taxes will vary on a \$7,000 house in regard to the city it is built in.

Mr. McDONOUGH. That is correct.

Mr. YOUNGER. You cannot give any exact figure.

Mr. McDONOUGH. That is right.

Mr. YOUNGER. A figure in one city will vary from the next city and it is not the same amount.

Mr. McDONOUGH. I have not had an opportunity to say anything about slum clearance and urban redevelopment and the renewal section.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield.

Mr. MULTER. The gentleman referred to the fact that he might offer an amendment so as to preclude public housing being forced upon any community that did not want it. I just want to call his attention to the fact that under existing law no community—I know the situation in the gentleman's city—no community that does not want public housing can have it forced upon it under this act either as it is in the law now or as the amendment may be offered.

Mr. McDONOUGH. I think that that legislation was put in the act as a result of the experience we had in Los Angeles.

Mr. MULTER. I think it was the gentleman's own amendment.

Mr. McDONOUGH. At any rate, I am going to take every precaution to see that that is the law from here on if I can help it at all.

On the slum clearance and renewal and redevelopment section, it has been estimated that if we did not have that in the bill, we could build at least 1.2 million additional homes this year. With that in the bill—and we had experienced testimony from those who should know, for instance, Mr. Fritz Burns of Los Angeles, who has had some experience in it—with the urban redevelopment, we can add another million homes if the program is pursued with any vigor at all. The chairman of the committee said that some 600,000 additional homes may be produced, but I think that is one of the things that we should emphasize in this bill and urge a vigorous program on slum clearance and urban redevelopment and renewal.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. DOLLINGER].

Mr. DOLLINGER. Mr. Chairman, much was expected toward solution of the Nation's housing problem as a result of the President's state of the Union message and his housing recommendations later sent to Congress. In these, he clearly indicated that no American family should have to be ashamed of its home; that the Federal Government would cooperate in providing housing, and that improving conditions under which every American family could obtain good housing was a major objective of national policy. He frankly acknowledged that many members of minority

groups have had the least opportunity of all of our citizens to acquire good homes.

All the high hopes aroused by these statements were soon dispelled when the administration's housing bill was introduced. Let me emphasize here, that the housing shortage still exists to a deplorable degree. When mention was first made of the \$7,000 house, the impression was created that the house would be available throughout the length and breadth of our country, which meant housing at a price that even the low wage earner could afford. It did not take long to blast that hope when the housing Administrator himself pointed out very clearly that the \$7,000 house would not be available to those in the larger cities of our country, and it is now apparent that the \$7,000 house could not become a reality in any part of our country.

The proponents of this bill say it is an experimental bill; it is said that if it is not found workable, it can be corrected. The experiment, although supposedly on housing is, in fact, an experiment with people who have not a chance in the world to get housing. However, it is sure to give bankers and builders another bonanza.

The scheduling of the independent offices appropriation bill for action, to be followed by the Housing Act of 1954, both to be disposed of in 1 week, was a smart political maneuver. It was apparent from the start that the independent offices appropriation bill would contain no appropriation for public housing. It was therefore the obvious intent of the leadership to schedule the housing bill after the independent offices appropriation bill so that if public housing were restored to the Housing Act of 1954 it would be an empty victory because there would be no money to carry out the wishes of the membership.

The housing bill before us offers no new, helpful, or substantial solutions for our grave housing problems; we can safely assume that no new private housing available to those in the low or middle income groups would be built as a result of this legislation; we find no proposal to provide public housing for low income families for which no new shelter is possible under any other plan or method yet found.

It is appalling that in this great Nation of ours, with our wealth, tremendous resources of manpower and materials, millions of our people are forced to live in squalor and homes unfit for human habitation. The 1950 census showed that there are 15 million substandard homes in our country.

There is a great demand for medium and low-cost housing. Most new homes are entirely out of reach for those earning up to \$5,000 per year. They are not eligible for public housing, their housing needs remain unfulfilled, and no help is given them by the bill before us. It does nothing to correct the imbalance between incomes and housing costs. Figures show that only families with incomes of more than \$5,000 could afford to meet monthly housing costs for the average FHA house or apartment.

A fair and sound housing program would permit the average moderate income family to acquire its own home, to make moderate monthly payments resulting from long amortization; it would provide for reasonable interest rates and no extra financing charges. Such homes should be provided on a large-scale basis at prices up to \$10,000; they are desperately needed; they would help a large segment of our population who are now unable to procure the dwellings they deserve in a price range they can afford.

There is a great continuing need for public housing. We can afford to provide adequate housing for those who cannot provide decent housing for themselves, and it is our duty to do so.

In 1949, when the Housing Act was passed, the original goal set was 135,000 public housing units per year. While this number was modest, by comparison with the great need, yet it furnished some help. Since then, the number of units per year has been cut and cut by Congress, and the final blow came last year, when Congress provided only enough funds for the Public Housing Program to complete construction of merely 20,000 units and killed the program as of June 30, 1954. Ignoring the crying need for public housing, the Banking and Currency Committee has refused to put into this bill any provision for the continuation of the public housing program. Are we to abandon the millions now living in places unfit for human habitation, those being displaced by slum clearance and public improvements, those forced to live in dangerous firetraps?

The promise that provisions would be made for minority housing has also been conveniently forgotten. The bill before us makes vague reference to minority housing in very broad language but, here again, there is no real help. There is nothing contained in the bill which gives the assurance that an individual in that category will be able to obtain a site of his own choosing and get a builder to build, let alone a bank to assure its financing. Yet the figures show that 70 percent of the persons referred to live in dwellings that are dilapidated, not fit for human occupancy.

Consider other factors involved in the housing shortage which have far-reaching importance. Our population is increasing; it is imperative that a large amount of substandard housing be replaced; new construction has never begun to meet the demand. Many cities eager to go ahead with improvement programs are deterred because adequate housing is unavailable for those who would be forced to move from their homes by slum clearance and public improvements. It is estimated that at least 2 million new homes a year must be built to meet current needs. We must face the fact that if that level is not met, we will never be able to eliminate slums and substandard housing.

The present bill would encourage overuse of existing housing. Practical urban redevelopment necessitates a substantial amount of slum clearance and rebuilding in dilapidated areas. Mere

rehabilitation of housing which has long since become useless will not do a satisfactory job in areas which should be rebuilt. I would point out that public housing is a good investment, and is more economical than slums, urban decay, and human misery caused by substandard housing. A progressive housing program would stimulate economic prosperity and would take care of the many millions who now live in substandard dwellings and those who aspire to own or rent decent homes.

I am not advocating the policy of Government intervention in any field. I am just as happy as the next person to have private industry build homes, provided that private industry would be interested in building homes at a price that people who are in dire need of housing can afford to purchase or rent.

There is no denial of the fact that there is much housing in New York, new construction, in certain sections of the city, that is unoccupied because the rents charged are so exorbitant that it is obviously intended for those in the high income brackets. There is no doubt but that by this time there must be an over-production of apartments for those in the high income brackets because the large number of unrented apartments in brand new developments proves it. Yet, builders continue to build the expensive homes and apartment houses, indicating clearly that there is no intention on their part to cooperate in the building of private low cost housing developments. This is unassailable proof that the Government must continue its public housing program.

I have in previous years stated my position in this matter and have fought for an adequate public housing program. I do not wish to be repetitious, but I must raise my voice and strenuously object to a measure that is as wholly inadequate as the one before us. The housing shortage is too severe, too many people are in dire need of shelter, to allow this administration to go uncriticized when it professes to help and says that all the people in this country should have decent housing, and then dares to bring out a bill which does absolutely nothing for those who must look to the Federal Government for help.

When called upon to answer for this hypocrisy, the Banking and Currency Committee will blame the Appropriations Committee, and that committee will pass the buck to someone else. There is no excuse. The administration has had its way in other things it sought to accomplish. For instance, they found it possible to give assistance to 8 percent of the population to the tune of over \$800 million, when they passed the tax bill, but refused to allow the little fellow—the overwhelming majority of the people—a \$100 increase in personal exemptions. Now the sad story is being repeated, they are not helping to give housing to the millions who desperately need it, but are giving jobs to builders and more profits to the banks by furthering the higher-priced building program.

Title II permits an increase of interest on veterans and FHA mortgage loans. It would allow a substantial increase of interest rates. The Democrats in commit-

tee moved to strike out title II but the motion was defeated. Since power is sought to permit an increase of interest rates on veterans' mortgages, it means that the rates will be increased; another giveaway at the expense of our veterans and others. Economic factors warrant a decrease of interest rates at present and not an increase as is surely contemplated.

I am unalterably opposed to the measure before us; it is a keen disappointment to the American people as a whole; it does not begin to solve their housing problems; it offers no constructive program under which we can proceed for the benefit of those who must look to us for assistance in their grave housing needs.

(Mr. HELLER (at the request of Mr. DOLLINGER) was given permission to extend his remarks at this point in the RECORD.)

Mr. HELLER. Mr. Chairman, it has been stated time and again—and it merits repetition—that if the Republicans would only support the administration its program would have a reasonable chance of success. A case in point is housing legislation.

Earlier this year President Eisenhower submitted to Congress a request for 35,000 housing units to be constructed during each of the next 4 years, making a total of 140,000 such units. Under the Housing Act of 1949, passed by the 81st Congress, a housing program had been authorized for 810,000 units to be constructed over a period of 6 years. It was one of the first great measures I supported after I came to this House in that year.

Unfortunately, that program has never been completed. In recent years it was continually whittled down to a mere shadow of the original program. When the President submitted his proposal calling for only 35,000 units annually, it was indeed a bitter disappointment to many of us in the large urban areas of the country where millions of people are living in substandard dwellings. Nevertheless, it was felt that inadequate as the President's proposal may be it will still continue the housing program on a smaller scale and in time, it was hoped the administration and Congress would awaken to the dire need for adequate housing for low-income families.

The disappointment, however, became even greater when the House Appropriations Committee voted to slash the funds for public housing, thereby killing the program entirely. Whether anything can still be retrieved in the House is a matter of conjecture, but in the meantime it is quite evident that the Republicans choose to ignore the low-income families who are doomed to continue living indefinitely in slums and depriving them of every opportunity to obtain decent housing. By their action, the Republicans also show that they are discriminating against the large cities and the critical need for housing in those cities.

Mr. Chairman, the people in the large urban centers are fighting a tough battle against slums. At times it appears to be almost a hopeless situation. One would, therefore, expect that the Members of

this House, who are closer to the people, would be a little more sympathetic toward those who are struggling to live under more wholesome conditions where they can rear their children in better surroundings. The New York Times stated editorially in its issue yesterday as follows:

There is a city problem, just as there is a farm problem. One big city problem is the overcrowded, unwholesome slum, and we cannot believe that the Republicans will be so foolish politically, so shortsighted democratically, so lacking in human feeling as to abandon, or virtually destroy, public housing as a policy, this year, next year, or in the foreseeable future. Private enterprise cannot build at a rental these people can pay.

Unfortunately, the public-housing policy is by now virtually abandoned. The hopes of hundreds of thousands of low-income families throughout the country of ever obtaining decent housing are shattered. The effort to eliminate slums and firetraps in order to maintain a higher standard of living and proper standards of health has been dealt a severe blow. The people of the large urban areas will bitterly resent the scuttling of the public-housing program.

Mr. Chairman, we cannot afford to sentence these families to spend the rest of their lives in slums unfit for human habitation. It is not too late to provide for continuation of our public-housing program, even if it is at the very modest and limited scale proposed by the President. We must not fail our people. We must continue to provide adequate housing for them.

(Mr. FINE (at the request of Mr. DOLLINGER) was given permission to extend his remarks at this point in the RECORD.)

Mr. FINE. Mr. Chairman, the Democratic members of the House Banking and Currency Committee have done an excellent job of pointing out the many serious deficiencies which appear in the proposed administration Housing Act of 1954, H. R. 7839, now being considered by the House. I fully endorse the views of their minority report. While the act does contain a few provisions which may be of some help in alleviating the Nation's serious housing problems, its most serious defect is its absolute failure to make any provision at all for low-rent public housing.

The Democratic Housing Act of 1949 provided for 810,000 low-cost public housing units to be built over a 6-year period, but Republican opponents of public housing successfully prevented full accomplishment of this program by limitations on appropriation bills. President Eisenhower has now requested 140,000 low-cost housing units over a 4-year program. While 35,000 units annually, in my opinion, is insufficient, at least they represent a step in the right direction.

Earlier this week, the Republicans in an appropriation bill ignored the request of their administration and recommended that the entire low-cost housing program be ended immediately. There is a great deal of confusion within the majority party as to just what action was taken with respect to the low-cost housing program but even the most op-

timistic observers admit that the bill would permit little more than completion of units on which commitments have already been made. Unless some action is taken to add low-cost housing provisions to the legislation being considered today, said program will soon come to a complete halt.

Administration spokesmen claim that H. R. 7839 will be of great aid in rehabilitating slum areas. Certainly, we all know the pressing need for such a program and agree with its objective. However, when slum areas are expensively remodeled the cost will become too great for many of the present occupants to pay. Many of them will have to move to less expensive quarters. And, unless Congress takes some action to revive the low-cost-housing program, decent housing at rents they can afford to pay will simply not exist.

I have always believed that a decent home in which to live and bring up a family is one of the fundamental necessities which every American should have. It is a sad paradox, indeed, that many low-income families are forced to live in substandard dwellings in the large cities of the richest country in the world. There is a specific example of that situation in my own district in New York in what is called the Washington-Clearmont area of the Bronx. This area has a population density more than four times as great as the rest of Bronx County. Many of its buildings are old and contain numerous violations of the building code. Some of them have been condemned and later reopened because of increased demand for housing. In many cases, a single room provides housing for a whole family. Because of these crowded conditions, it is inevitable that disease and delinquency rates should rise far above average.

These conditions are not the fault of the residents of the Washington-Clearmont area. They are good people and good citizens. But many of them are in low-income brackets. And the cost of housing is such in New York that they could not afford to pay the high rents that are charged for really livable dwellings even if they were available. Consequently they are forced into inadequate quarters. The fault is not theirs, but they must pay the penalty.

It is bad enough for adults to be forced to live in such substandard accommodations, but it is even worse for children. Our children are America's future—and we simply cannot afford to doom them to an environment where they merely exist from day to day, with little hope for improvement.

I have seen the effects of the deplorable housing situation in my own district, and because of this it is a problem which is very close to my heart. Ever since coming to Congress I have exerted all my efforts in the struggle to secure some assistance for these unfortunate people in their struggle to secure something better in life for their families.

Decent housing is not just a problem for the people who are forced to live in blighted areas—it is a problem for democracy. We cannot afford to ignore this situation and, in effect, tell the rest

of the world that we are willing to let some unfortunate people live in squalor in the midst of plenty.

I urge the Congress to take immediate action to provide urgently needed low-cost housing.

(Mr. ROOSEVELT (at the request of Mr. DOLLINGER) was given permission to extend his remarks at this point in the RECORD).

Mr. ROOSEVELT. Mr. Chairman, I am in complete agreement with my friend and colleague, the gentleman from New York [Mr. DOLLINGER], and with the position of the distinguished gentleman from New York [Mr. MULTER], both of whom are members of the committee.

The very first time on which I had occasion to address the House, when I came here some 5 years ago, was in support of the National Housing Act of 1949. As I sit here today listening to the arguments on the Housing Act of 1954 it would seem as though I am merely hearing the echoes of the past.

The very same people who rose in June of 1949 to condemn the public housing program and insisted there was no need for public housing for our ill-housed low-income families because private real estate interests would take care of them, are again making the very same argument. The opponents of public housing, it seems, will just not look at the facts; they will not recognize that many of the low-income families who were ill-housed in 1949 are ill-housed today and that many who had adequate housing in 1949 are ill-housed today. The opponents of public housing just will not admit that they were wrong when in 1949 they said there was no need for public housing.

Mr. Chairman, in 1949 it was argued that if we enacted a program for public housing, we would start down the road to socialism. We have had some public housing in the last 5 years, and while I will admit that there has been an unfortunate change in the concept of Government during that period, I wonder whether any of my colleagues on the other side of the aisle would want to claim that the President, by recommending a program for public housing, was furthering the cause of socialism.

Mr. Chairman, the slums of America breed disease, juvenile delinquency, and crime. The slums of America breed malcontents. Why is it that the present administration is willing to recognize that communism feeds and grows on depressed economic circumstances and is willing to foster a program to assist in the building of adequate housing abroad but will not fight for a program of adequate housing at home? I just do not understand why it is that while the President is perfectly willing to make a nationwide television broadcast in support of his tax program for giving tax benefits to those relatively few people who derive substantial income from stock dividends, he has made no similar attempt to persuade the members of his own party to support him in his stated advocacy of at least a minimal program for public housing. In fact the President, at his press conference yesterday, sought to add to public confusion when

he suggested that the elimination of appropriations for public housing units not already contracted for was a legislative victory for his position. All of this would suggest either confusion on his part or mere lip-service to the real needs of the people.

The bill before us today instead of representing progress in the field of housing represents serious retrogression. It might well be called "The No Housing Act of 1954." It not only contains no reference to the size of the public housing program that should be undertaken, but it fails to make adequate provision for those who will be forced to vacate the homes to be rehabilitated under the slum clearance, urban redevelopment, and urban renewal programs. Instead of providing housing for low-income families, this bill will make homeless many more thousands of families who are unable to afford these more expensive remodeled homes.

The bill before us today is, in my judgment, a bad bill and I completely agree with the report of the minority on the Banking and Currency Committee in their enumeration of its basic faults.

Ordinarily you would expect that a housing program would be beneficial to those who need homes, and would give encouragement to those who build homes. This bill is designed to protect neither the builders nor the buyers but rather the moneylenders.

This bill, Mr. Chairman, while unfair to most of our prospective homeowners, is particularly unfair to our veterans. It weakens the provisions for veterans preference, it makes it more difficult for veterans to get GI loans, and makes it possible, and I would say probable, that there will be a tremendous increase in interest rates for GI loans.

Last year when the administration decreed its bonanza for the bankers and the moneylenders by raising interest rates, and started the spiral of unemployment, veterans were faced with the necessity of paying 4½ percent interest rates on GI loans instead of 4 percent. The additional expense over the life of most veterans' mortgages created by this ½ percent interest rate increase meant the loss of one bedroom to the average GI with limited resources who wanted to buy a house. Now the Republican Party comes before us with a bill which would authorize increasing interest rates on veterans' loans to 6 percent.

And there is another giveaway in this bill. Under title III, Federal credit will be used to build up a multimillion dollar reserve which will eventually be turned over to the banks and insurance companies, and the Federal National Mortgages Association will be required to liquidate its old mortgages by selling them to the bankers at a discount.

This bill is also deficient by not requiring a builders' warranty for homes built with Federal assistance. There are many honest builders in our country. In fact, I would say that the unscrupulous builder is the rare exception. But there are unscrupulous builders and we have all seen evidence of how some of our GI's have made a lifetime investment in housing which has fallen apart

soon after its construction. If the builder and the lender are to have the advantage of Federal guaranty, the Federal Government should provide the purchaser with adequate protection against the builder who is dishonest. The buyer of a 1- or 2-family house built with Federal assistance should be given a warranty by the builder that the house was constructed according to the plans and specifications on which the Federal assistance was based.

Finally, Mr. Chairman, I want to record my opposition to that section of this bill which authorizes controls on real estate credit. Controls on credit are perfectly proper and, in fact, necessary during periods of emergency when it is important to curb inflation and to discourage the use of scarce materials which may be needed for national security. But, in a time such as this, when unemployment is rising and purchasing power contracting, the continued vigor of the construction industry is of the utmost importance if our economy is to prosper. This bill is supposed to encourage more building, but if credit controls are imposed we know that the people who need housing the most, the people without money available for large down payments, will be unable to purchase housing and consequently more people will be laid off and more people will be ill-housed.

An adequate housing program is essential to the well-being of our national economy and constitutes a vital ingredient of the standard of living of the American people. But this bill does not offer any hopeful or substantial solutions to this vital national problem. It will not build any new private housing which would not otherwise have been built. If anything, it is restrictive of additional private housing by making it more expensive for our veterans and others to pay the monthly carrying charges for the homes they might otherwise have been able to afford. This bill does not adequately provide for public housing for those low income families who have no other means of finding decent homes. And in those instances in which the bill might provide hope for new housing it negates its own purpose by making carrying charges high and by restricting prices to unrealistic levels.

I sincerely hope, Mr. Chairman, that at such time as amendments to this bill will be in order, it will be possible to revise the bill so as to give some hope to the ill-housed one-third of this Nation. The American people are a lot smarter than many of you may realize. They will not be fooled by your merely telling them you voted for a housing bill if they do not see houses produced as a result of that bill. In the period in which the 83d Congress has been in session, there have been many giveaways to the few. Let us now give a little to the many.

(Mr. ADDONIZIO (at the request of Mr. DOLLINGER) was given permission to extend his remarks at this point in the RECORD.)

Mr. ADDONIZIO. Mr. Chairman, the bill before us, H. R. 7839, is a blow to those of us who are genuinely concerned about the housing problem. It will not

accomplish the things claimed for it. Prior to its introduction this country was subjected to one of the greatest campaigns of political hokum ever witnessed. The public relations boys had a veritable field day waxing eloquent over the wonders of the President's housing program. We were told that the country was to have a brandnew dynamic and progressive housing program. We were told that everyone without regard to either economic status or race, creed, or color, was, for the first time, to have an opportunity to acquire decent, safe, and sanitary housing.

Well, time has passed, and the bright tinsel and ribbon wrapped about the President's housing program by the high-pressure boys has become a bit faded and torn. Upon tearing away the remaining wrapping and examining the contents, H. R. 7839, we find that it is a rather jaded and threadbare piece of merchandise.

The President in his housing message, for example, promised to do something to help minorities secure adequate housing. Now is there anything in this bill that will help minority groups secure adequate housing? Oh, no; quite the contrary. Section 306 repeals the one law, other than the public housing law, which has been of substantial assistance to minority groups in securing housing. That law authorized FNMA to give special assistance to FHA 213 groups. Last year a representative of the National Association for Advancement of Colored People appeared before the House Committee on Banking and Currency and warmly endorsed the extension and liberalization of that act. Nevertheless, the present administration is apparently determined to kill it.

Upon examination, other provisions of H. R. 7839 prove to be equally disappointing. The Congress has always taken the view in regard to both the veteran of World War II and the veteran of the Korean conflict that he is entitled to a preference in the field of Government-aided housing. Congress correctly has recognized that the veteran, having been absent from civilian life for an extended period of time, was at a decided disadvantage in securing adequate housing.

The bill before us will drastically dilute the veteran's housing preference. Under the authority vested in the President by section 201, it will be possible to raise the interest rate on GI mortgages now at 4½ percent to 5½ percent. On a mortgage of \$10,000 with a term of 20 years, an increase of 1 percent in the present rate would result in a total increased payment of \$1,325 during the life of the mortgage.

Section 201 of the bill would also give the President authority to control real estate credit. I believe that real estate credit controls are in reality a rationing mechanism, not a credit control mechanism. They are moreover, a one-way rationing mechanism. The ration housing solely on the basis of the ability of the people who need housing to raise the downpayment. They would be particularly hard on the recently returned Korean veteran who marries, needs a

home, is a good risk, but has not had the opportunity to acquire enough money to make a large downpayment. In 1952 I joined with a majority of the members of the Committee on Banking and Currency in voting to terminate real-estate credit controls. The committee report which accompanied the Defense Production Amendments of 1952 stated:

Evidence was presented to your committee that the inevitable discriminatory aspect of credit controls; namely, that they bear most heavily upon those in the lower-income groups, who have less ready cash, had in the existing situation overshadowed the anti-inflationary aspect.

The major veterans' organizations, including the American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans, have all announced their opposition to section 201. I understand that an amendment will be offered by the gentleman from Texas [Mr. PATMAN] to strike section 201 from the bill. I shall be happy to support the gentleman's proposal.

One of the more delightful goodies in the public relations packaged housing program that we were presented last January was the low-cost house which everyone could buy which as has been said would make every man a king. It was a \$7,000 house with no down payment and 40 years to pay. Many hailed it as the answer to a substitute for low-rent public housing. This new animal is to be found in the proposed section 221 of the National Housing Act. But it has a New Look. It no longer costs \$7,000. It now costs \$7,600 and \$8,600 in high-cost areas, and is confined to people displaced by slum clearance or urban renewal projects. I presume most of the large metropolitan areas such as Newark, N. J., may be classified as high-cost areas. The total monthly charge on an \$8,600 house amounts to \$75.36 per month. Does anyone in this body believe that people living in slums can pay \$75 per month for housing? The rents in public housing projects average less than \$40 per month. In the course of 40 years this \$8,600 house will have cost the purchaser \$36,172.80.

There is another feature of this proposal which I find particularly intriguing. At the end of 20 years the lender may sell the mortgage back to the Government for the accrued interest and unpaid principal. At that time the home buyer will still owe approximately \$7,100 of his original \$8,600. This is indeed a remarkable proposal.

I was gratified when the President endorsed the present low-rent public housing program. I had hoped that the partisan bitterness that surrounded this subject in the past would be ended and that an objective determination could be made regarding the rate of public housing required by the Nation. I was keenly disappointed, therefore, when the President recommended but 35,000 units for the next 4 years. Even this inadequate proposal, however, is missing from H. R. 7839. Under it not one single unit of public housing is authorized.

Several facts were developed throughout the hearings on H. R. 7839 with reference to the need for congressional

action on the size of the low-rent public housing program, even though this issue is not dealt with in the bill.

Emphasis was placed by administration spokesmen and by a large majority of other witnesses on proposals to accomplish slum clearance, urban redevelopment, and urban renewal. Great hope was expressed that new programs under sections 220 and 221 under the Federal Housing Administration would make it possible to rehabilitate old homes and thus provide new housing at low cost and with liberal financing terms for families presently living in substandard housing.

I agree totally with the objectives of these programs. However, if old housing is to be rehabilitated and refinanced, one fact is very clear. A substantial number of families, probably half, presently living in the substandard units will be forced to vacate because their economic status will not permit them to live in the more expensive remodeled and modernized homes. It is also a fact that a program of rehabilitation will reduce, rather than enlarge, the housing supply. In those instances where slum housing is demolished as part of an urban renewal program, at least half of the tenants of the old property will have insufficient incomes to permit home purchases even of the proposed \$7,600 house—\$8,600 in high-cost areas—if it can be built.

It follows, therefore, that unless provision is made to rehouse low-income families, displaced through either renewal or slum clearance, these programs cannot be undertaken and the objectives of H. R. 7839 can never be realized.

It is my understanding that amendments are to be offered from both sides of the aisle to correct the many deficiencies, including the ones which I have discussed, contained in H. R. 7839. It is my intention to support all amendments which will make this bill a genuine and workable housing law. In its present form I am firmly convinced that it would not transfer the laudable housing recommendations of the President into concrete statute form.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

WILL MOVE TO STRIKE OUT HIGH INTEREST AND REGULATION X TITLE

Mr. PATMAN. Mr. Chairman, when this bill is read under the 5-minute rule, I expect to offer an amendment to strike out title II. Title II commences at page 146. It includes the proposed increase in interest rates from 1.5 percent, above the long-term interest rate—a rate that has become traditional—to 2.5 percent above the rate for long-term Government bonds. If title II is stricken out, it will also strike out the attempt that is made to reimpose Regulation X. Regulation X had to do, as you remember, with controls over real estate transactions.

The report of the minority members on this bill states:

In recommending the termination of real estate credit controls on June 16, 1952, your

Committee on Banking and Currency stated:

"Evidence was presented to your committee that the inevitable discriminatory aspect of credit controls; namely, that they bear most heavily upon those in the lower-income groups, who have less ready cash, had in the existing situation overshadowed the anti-inflationary aspect."

Our committee, almost unanimously, did away with credit controls in June 1952. There was only 1 dissenting vote out of 27 members; it was almost unanimous.

This bill we have before us will reimpose credit controls. That could be in the very worst form in which they were ever used. So my motion to strike out title II will, if it is adopted, strike out a provision that would increase interest rates by a full 1 percent. Also it will strike out this attempt to reimpose Regulation X. I hope that the amendment will be adopted.

This interest rate increase is serious. There is a tendency on the part of a lot of people in our country and particularly certain groups to want to raise interest and service charges more and more. As they outline what they have in mind they do not impress you as being too burdensome on the people, but when you analyze what they have proposed and when you carefully evaluate what will be done in the event the proposal is adopted, you discover that it boils down to this simple fact, that they are denying more people the opportunity of spending their money as they would like to spend it, No. 1; and No. 2, that those people must spend less and less for food and clothing and automobiles, electric appliances, and other things for their comfort and for the necessities of life for themselves and their families and pay more and more for interest and service charges.

I do not know of a bill coming before this House where that is pictured and pinpointed more than in this particular bill on housing. When the effort is made to raise this traditional spread or margin of interest from 1½ percent, which is added to the long-term going rate on Government bonds—that is, if the long-term rate on Government bonds is 2½ percent, then the 1½ percent margin should be added; and that is all right. I am not objecting to it. It has become a pattern over the years, for decades. It is very reasonable. It is all right. It is enough. It is not too much. It is all right. But now in this bill, for the first time, an effort is made arbitrarily to increase that 1½ percent, to 2½ percent or an increase of a full 1 percent.

Let us see what that means in dollars and cents to the average person. The total debts in our Nation today are approximately \$640 billion. That means a national debt of approximately \$275 billion; State, county, city, political subdivisions, school districts, and all other public debts, and then private debts, including charge accounts at stores and installment purchases, aggregating about \$640 billion. If you just increase interest rates 1 percent, and that is what this means, 1 percent now, it will gradually go clear across the debt board and apply to the \$640 billion, and the debt is going

to get greater, not smaller. Our debts cannot become smaller. I know we complain about it, but we cannot make our debt smaller. If we do, we do not have enough money to do business on. It sounds idiotic, but it is true that our money system is based on debt. If everybody paid their debts we would not have any money to do business on. We would be reduced to barter. Therefore, we cannot pay off all these debts. We are going to have \$640 billion from now on and more in order to have a dynamic, expanding economy.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. MERRILL. Does the gentleman mean to imply that this bill if passed will bring about an automatic increase in interest rates?

Mr. PATMAN. Yes, I do.

Mr. MERRILL. Does not the gentleman realize that this bill gives the President the right to set the maximum interest rate, and if conditions warrant he could reduce the interest rate as well as increase it? Therefore, it is not really accurate to say that an automatic increase in interest rates comes as the result of this bill.

Mr. PATMAN. It will automatically come as the result of this bill because it will be there if the President and his board want to do it, and investors will go on a strike as they did a year ago on the veteran home mortgage rate, and say, "We won't let you have the money unless you raise that Federal interest rate, which you have a right to do, from 4 to 4½ percent." They had to raise it on the veterans. But that same board could now reduce it to 4, and the same facts that justified the increase from 4 to 4½ percent would compel the reduction now. But that board is not doing it and will not do it.

I say that whenever any board has the power to increase it 2½ percent they are going to sit right back and say, "We will make the loans when you give us the limit that Congress said, and not before." They have done it before and they will do it again. That means a 1-percent increase across the board. That means that you are telling the families of this country, "Congress has endorsed the proposal of compelling you to spend less and less for food and clothing and the other necessities of life in order that you may be compelled to pay more and more as interest."

Where that is so detrimental to the country is that if you let that family of five keep that \$200 and let them spend it, it is buying power. It goes into the bloodstream of business and commerce. It turns over 10, 20, 30, or 40 times during the year, and helps everybody. But if you deny them that privilege of paying that \$200 into the bloodstream of business and getting something that will help them buy a new hat or buy more of the comforts and conveniences of life, and require them to pay it into this other channel where it will go into the hands of people who will not spend it that way, since they already have plenty and they will not buy an extra hat or an extra pair of shoes or an extra au-

tomobile, it is depressing and discouraging and harmful to the country. I hope you will vote for that amendment.

Mr. WOLCOTT. I yield 10 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, we were greeted this morning by those who would oppose public housing with a tactic, which I am sure will not take in the Republican side—government by jibe. They know, and we know, that with power there is responsibility and that responsibility must be exercised in the interest of the country, and that when it is recognized, as it is in this situation, it will be exercised by any responsible American majority. In addition to that, history marches on. The country does not stand still and developments in the country do not stand still. Except for those who hold doctrinaire ideas that anything the Government does, whether it is the Federal Reserve System or agricultural price supports or aid for road building or public works such as rivers and harbors and low-rent public housing and, in fact, FHA itself—is creeping or galloping or some kind of socialism—most people feel that low-rent public housing as part of a whole housing program is in accord with American policy and ideas. Well, that is perfectly all right. Our country was made that way.

Taking the more or less middle group, there seems to be a general conviction that urban redevelopment or renewal and slum clearance is extremely desirable, and it now becomes clear, as a fact—not an opinion—that urban renewal and slum clearance, a great social and economic program, with which the great majority of the American people agree, is simply impossible—unless you are going to be inhuman to a great many American families—if it does not have a component of public housing; and also that you cannot depend on the States and the cities to supply their own public housing.

This the President's Advisory Committee on Government Housing Policies and Programs found as a fact, and I refer to page 200 of the hearings before the committee. After an exploration of all the alternatives which were available to public housing, they came to the conclusion that you could not carry through a reasonable and balanced housing program, which the administration is for unless it had a component of public housing, and they said:

We are convinced that the program of public housing contained in the Housing Act of 1949 should be continued.

That component the administration has requested at a minimum at 35,000 public-housing units per year for 4 years. So I hope that my Republican colleagues will not be taken in by jibes from the other side because they are now charged with the power which involves the responsibility based upon the facts, and in view of the established condition of urban renewal they are meeting a condition and not a theory.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. YATES. I should like to state that there appeared at the hearings of our subcommittee on appropriations a delegation from the city of Akron, and included in that delegation was a member of the Akron Chamber of Commerce. The chamber of commerce for this past year has opposed a public-housing program. But this year they came in and stated they not only had no objections, but it was a necessary part of slum clearance.

Mr. JAVITS. Well, the new Director of Public Housing in this administration said he had applications from 1,100 cities, and that certainly is a representative part of our country involving 500,000 units, to participate in this program. Of course, he could not entertain those applications as the law stands now. The administration's program before us today, which I know will be offered as part of this bill, covers just about the preliminary loan contracts, that is, projects actually in being upon which the preliminary work has been done and which largely are vital and essential elements of the slum clearance and the urban redevelopment program, so much so that I think it is fair to say—and I believe that any Member can say to his constituency whether it likes public housing or not—that this is an integral and essential element of the administration's housing program, and demonstrably so on the facts.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MULTER. Would the gentleman inform the committee if he knows the purport of the amendment which may be offered from his side of the aisle? Can he state what the new number of public housing units may be in that amendment and for how long a time it will apply?

Mr. JAVITS. The gentleman addressing the Committee does not believe it will help to get public housing into any partisan "hasle." The gentleman is now confident that the House will have before it every conceivable kind of proposal for this public-housing program which anyone could ask. It will have before it I understand a continuance of the Taft-Ellender-Wagner bill provision for the balance of 810,000 units of public housing, a bill in which, as the gentleman knows, I took an active part. It will have from the gentleman who is asking the question I understand, the President's program—which I am also quite prepared to offer myself. It will have other proposals along the same line, and of course the House will make its choice.

I must say that my purpose in addressing the Committee is to get a maximum amount of support for the administration's program which though I am for much more, as all know, strikes me as the practical way in which to get the maximum support for the minimum public-housing components within the concept of a balanced housing program, and the objective of 1,500,000 new housing units in the coming fiscal year.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Illinois.

Mr. YATES. The Speaker says that he favors the construction of 35,000 units in the present backlog and 35,000 units in the present year. Is that the gentleman's proposal?

Mr. JAVITS. I think the gentleman knows what the President's proposal is and I have just stated my position. I am glad to have the support of the Speaker of the House for a program, but the President's program is 35,000 units public housing per year for 4 years, and I am confident that whether offered by someone else or by me, that program will be offered for adoption by the Committee of the Whole.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from New York.

Mr. MULTER. My question was directed to determining whether or not there had been any change in the President's program from that contained in his message.

Mr. JAVITS. I know of no change.

Now, we have an effort to have a housing program that will meet the fundamental needs of the three income levels in the community. I think the Members should have in mind how those are divided. Roughly speaking 20 percent of American families come in the brackets each of \$2,000 to \$3,000 a year, \$3,000 to \$4,000 a year, and \$4,000 to \$5,000 a year of income. Essentially, this housing program should be designed to meet those needs, and a vital ingredient of it is public housing.

In addition, I believe that the maximum limits for section 203 housing in this bill do not meet the requests of those who are doing the construction, either for planning or for the amount which they require in order to do the housing job which the country expects of them. I believe the situation is such that we should meet their views and leave them no reason why they are not going to do the housing job which is in the interests of the country.

And the final point which I wish to put before the committee before we are through with the consideration of this bill is the situation of minorities with respect to housing. They are having a rough time of it. The FHA could help the situation if they would adopt a policy not to lend their guaranty to any form of segregation in housing, but that they are going to comply with the spirit and the letter of the Constitution, they have that power and I hasten to add had it in the previous administration which made so much of its civil rights stand and did not use it either. I do not think it is enough, as far as minorities are concerned, to encourage projects which will serve them. I think the FHA should take a foursquare view of that whole program and carry out the Constitution in respect of it.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. I understand the gentleman's views, and I have

the greatest respect for his ability. I wonder if he heard the gentleman from Mississippi this morning when he was speaking about the socialism in this housing program? Did the gentleman hear that?

Mr. JAVITS. Yes; I did.

Mr. HOFFMAN of Michigan. For my own information and information of the Members of the House, would the gentleman tell us the difference between the socialism in this bill and the one that was in the TVA yesterday?

Mr. JAVITS. Of course, as the gentleman knows, it often depends on whose ox is gored. The fundamental philosophy of the great middle group in our country is, I believe, that when it is demonstrable that to perform an essential social or economic function the help of the Government is needed, the Government should help; and that whether or not we are drifting into a Socialist society depends upon the overall quotient which that represents in the whole economic activity and output of the country.

I submit that even if you take the whole Government budget which is not for defense, which comes to something in the area of plus \$20 billion and lay it beside a gross national product of \$360 billion per annum this country if anything is the greatest fortress of private initiative that was ever known to mankind—and that is after you enact the administration's public housing program and everything in this housing bill.

Mr. HOFFMAN of Michigan. The gentleman still has not said anything about the TVA.

Mr. JAVITS. I believe I have.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. RAINS].

(Mr. RAINS asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Chairman, this is a long bill; it fills many pages, and I frankly think that if we had written about 3 or 4 lines extending FHA, put some more money in FNMA, we would get just as many houses as we will with all this bill filled with platitudes and fond hopes.

The bill needs amending in many places even to approach the jobs outlined. First of all, in order to get the job of housing done you have got to have credit and money, and this bill will not provide any mortgage credit or mortgage money available for loans in North Carolina, Alabama, Texas, or any other of the places away from the great metropolitan lending centers of the Nation. Unless an amendment is adopted to this uncertain language having to do with what we call "Fannie May" in the committee, there will not be any mortgage money available with which to do the fine things set out in the bill of particulars in the legislation itself.

Under the 5-minute rule I hope to offer just a plain simple amendment to strike out the platitudes and go back to the secondary market provisions that we now have by putting some more money in FNMA where we can get it out in the hinterlands as well as in the great cities.

I did not oppose the fantastic provisions in this bill in the committee having to do with 40 years on a mortgage on about an \$8,000 house, but I call your attention to one thing: Does anyone expect a house costing \$8,000 to last 40 years?

This bill proposes to guarantee on behalf of the Government the payment of that mortgage. Two years ago as a member of the subcommittee I traveled all over the Nation and looked at houses in many cities. I tell you that many of the houses built under an \$8,000 guaranteed mortgage will be fit only for slums in 15 years, yet we are called on in this bill to extend the term to 40 years with no downpayment. I leave that with you. I know it is not meant to implement that proposed program and the fine sounding phrases in this housing bill. I think we might as well be frank with each other. If we were to indulge in a great expansive program of 40 years, no downpayment, \$8,000 houses, guaranteed payment by the Federal Government, look out about 15 years from now for a huge deficit, because they will not last.

I do not understand either why we should give to the President the right to bounce the interest rate up and down tied on to some kind of formula that it is 2½ percent above the going rate of the Treasury. I am alarmed about the fluctuating jumping up and down of the situation, because how is a home buyer going to know what rate he can get his mortgage money? How can you operate with any degree of certainty under that type of provision?

I think that part of the bill should be stricken and that there should be a firm, straight, positive interest rate in this bill.

I do not believe a single person, with the exception of my long-time, good friend, Albert Cole, who also has some reservations, came before the committee and said, "I am for this bill wholeheartedly." I do not remember it if anyone did. I was not there all the time but I read all of the hearings. The home builders are against the FNMA provision as unworkable. I do not say they are against the whole bill, I do not mean that, but they are against certain provisions of the bill. The lenders do not like FNMA and many other provisions of the bill. Actually, and I am being very kind, this is a poorly written product and it will not do that which it is intended to do.

I tried to get from Mr. Cole when he appeared before our committee what the housing program of the administration was, actually how many houses will this bill build per year? I could not get it. I could not even find out whether the administration had any goal that they hoped to achieve so far as housing was concerned.

I noticed in the press 2 or 3 days ago Mr. Hollyday of FHA apparently disagreeing with some of my good friends on the committee. He thinks we will do well to build 900,000 units a year.

We need an expanded, ever increasing housing program in this country. I am not a gloom or doom boy, but I want to tell you now that the housing indus-

try of this country is one of the major aspects of a well-rounded, well-balanced, up-and-coming economy and if we do not build more than a million housing units next year there is going to be a lag in the economy of this country that will be reflected in the national income for next year.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I was trying to check on the statement that the gentleman made, which to me is rather amazing, the attitude which the administration takes about this bill, and when the gentleman stated that Mr. Hollyday made the statement he would do well if—what did the gentleman say?

Mr. RAINS. If we built 900,000 units.

Mr. WOLCOTT. That is rather amazing to me. Where was he quoted to that effect?

Mr. RAINS. I read it in a newspaper story. As I remember it was in one of the Washington papers.

Mr. WOLCOTT. Really, I am amazed.

Mr. RAINS. I was amazed, too, when I saw it. Whether he was misquoted or not I do not know.

Mr. WOLCOTT. He was misquoted, or he said the wrong thing before the committee.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Illinois.

Mr. YATES. As a matter of fact, will not the housing industry have to build closer to 2 million housing units a year to keep up with the advance in our population which it is anticipated by 1970 will be closer to 200 million?

Mr. RAINS. Well, actually just in the usual growth we have we will need to build 1,300,000 units under some bill of this type with aid from the Government. We need and likely will build 600,000 units by private builders alone. That is just the average that we will need. To even approach the total needs of this country we will have to build 3 million units a year, because there are 15 million substandard houses in this Nation right today. Even at the going rate, if we continue year in and year out, with all of the aids, we do not catch up the slack and at the end of 15 years, going as we are, we will still have the same number of substandard houses. So we need truly, and I quote the President or some of his press agents, a "dynamic housing program."

I would like to believe that this is going to do the job, but it will not do the job unless you furnish the mortgage money with which to do it.

One other thing. I am concerned about another needed amendment. That is the amendment having to do with warranties to the man who buys one of these houses.

Last year this House placed in the housing bill an amendment known as the warranty provision, not a guaranty but just a warranty, not that the house was perfect but that it was built in accordance with the plans and specifications. Why not do that? Why not give

him at least a reasonable break? I believe if you could have seen all of the jerry-built houses that I and some other Members on both sides of a special committee have seen over this country, you would agree that home purchasers, under these Government programs, should receive a builders' warranty.

Mr. Chairman, throughout the course of the hearings the proponents of this bill, if there are any, were unable to show the committee that an effort was made by the Housing Agency, or by the President's Advisory Committee on Government Housing Policies and Programs, to bring together all official existing data, published and unpublished, available in appropriate Government agencies, on the Nation's housing needs so that we might take a look at the total problem. For the life of me, I do not see how it was possible for the Administration or for the distinguished Presidential Housing Committee to evolve a housing program, dynamic or otherwise, without defining the job they were attempting to tackle.

Everyone is interested in knowing how big is our housing job. Knowing that we can tailor its size, the methods to be used, and time it will take to meet the problem, are we setting forth on a 20-year, 40-year, or a 100-year program?

There are those outside of Government asking the same question. Unlike the administration they dug into the facts. Fortune magazine made a study from the point of view of what's good for business. The National Association of Home Builders made a study relating to the market and the housing industry's capacity, present and potential, to produce. The National Housing Conference made a study as to what are the needs of the people, and what is required to meet them over the next 20-year period.

They all began from the same set of facts dug out of the Census Bureau, the Bureau of Labor Statistics, and from other official sources. They all indicate that the job is much larger, and our capacity to do it is much greater than the administration would appear to believe.

The Fortune magazine article of last February spelled out the housing market for the next several years as some 1,400,000 additional units a year, divided this way: 1,100,000 new homes, 200,000 conversions, and 100,000 farm homes.

Appearing before our committee, spokesmen for the National Association of Home Builders indicated a market for 2 million homes a year, new and rehabilitated. Of that number the home builders recommend 1,400,000 new homes each year. Their president told our committee that there should be 1 million new, larger, better-designed homes. These presumably would be for upper income families. He recommended 250,000 lower cost homes which he believed could be built under section 221, proposed for FHA, if cost limits were raised from \$7,000 as recommended by the administration, to \$7,600 in low-cost areas and \$8,600 in high-cost areas, as agreed to by the committee. To that he added 150,000 new rental units to be provided under the urban-redevelopment program to replace demolished slum structures.

Then they would recondition 600,000 homes a year to round out their 2 million figure.

The National Housing Conference, supported by the American Federation of Labor, the Congress of Industrial Organizations, and others recommended a total of at least 2 million new homes each year over the next 20 years. Their estimate was based on an analysis of need made from official Government data.

All of these groups predicated their estimates on a continued high productivity in this country. May I make my position very clear. I believe that this country is capable of maintaining a full economy and of achieving full employment. I believe that a housing program that is dynamic in fact rather than words alone is essential to the maintenance of a full economy. I believe that some day in the foreseeable future this body is going to face up to the facts of the disintegration of our national housing plant, and that it will have the courage and know-how to meet that problem, not with any grudgingly granted half-way measures that are destined by their very inadequacy to failure.

Let us look right now at some unpleasant facts. The 1950 census reveals that we have 15 million substandard homes. Ten million of them are in our urban centers. Some 10 million of the total must be replaced and approximately 5 million are subject to rehabilitation.

Other housing needs arise from the formation of new families, undoubling of families who now lack separate homes, the migration of 3 million families each year, and the desire of many single persons for separate dwellings. In addition, we must replace homes which are demolished by fire or other disaster or are cleared in highway and other construction programs. Finally, many hundreds of thousands of units reach obsolescence each year. These must be replaced or our housing condition deteriorates.

The sum of these annual requirements may range from 1.3 million to 2.4 million units per year. If we replace the homes which were substandard in 1950 during the next 20 years and at the same time meet our annual new needs, we must build from 2 million to 2.4 million new homes per year. If we do not achieve this level of new construction, we will never be able to clear slums and eliminate substandard housing. Indeed, at present levels of construction our present substandard units will never be replaced, and we will have more substandard housing in 1970 than we had in 1950. Even if we build 2 million units a year and rehabilitate 400,000 additional units each year, 5 million American families will still be using homes which were substandard in 1950 when the year 1970 arrives.

Those are facts, my friends, and believe me, we are only deluding the American people when we tell them through our highly trained advertising experts and public relations specialists that the legislation we are considering here today is going to clean up American slums and provide adequate homes, new or rehabilitated, for our families of greatest need.

Let us look at the record. Since the end of World War II housing construction has reached record levels. During the last 4 years we have built an average of 1.2 million homes a year, an achievement far exceeding previous 4-year construction levels. Yet construction volume for the last 3 years has been 20 percent below the peak of 1.4 million units built in 1950. But we have proven that we clearly have a capacity to build from 1.5 to 2 million new homes each year.

Under present systems of financing and Federal aids we can build and market from one to one and two-tenths million new homes each year. In addition, about 600,000 units of private housing should be produced and financed annually to meet the needs of middle and lower income families who are not now able to afford new homes. At least 200,000 units a year of low-rent public housing are needed to meet the needs of low-income families over the next 5 years. In addition, more than 200,000 units per year are needed by farm families to replace substandard homes. Those, believe me, are minimum figures as to need and what must be accomplished if it is to be met over the next 20 or 30 years.

Oh, I know that this House today is not going to face up to these facts. It will pass a measure that will aid families with incomes of \$5,000 or more, and almost totally ignore the needs of the 60 percent of the American families whose incomes fall below that figure.

To be sure, you are told here that under this bill houses costing \$7,600 or \$8,600 will spring up all over the Nation to care for families displaced by a great, dynamic new program of urban renewal. Let us assume that these houses can be built in great metropolitan areas of greatest need, which most experts on housing deny. William Levitt, of Levitt Town fame told our committee that the question was almost academic, because in most areas it cannot be done. Let us assume that 40-year mortgages with no downpayment and \$200 closing costs will be marketable paper, which most financial interests deny. Even if they can be built at a standard suitable for family living, the total monthly housing costs to live in such houses will be from \$63 to \$70 a month. That means that at least half of the families displaced through slum clearance, redevelopment, or urban renewal will be unable to afford such housing.

By its own admission the administration is recommending a program that will provide no more, and probably fewer new homes, than has been the record in recent years. That means that we are going backward, that our slum blight will increase. It means that in this great, vital country with the know-how to develop a destructive force to blow mankind off the face of the globe, we lack the ingenuity to build a force to permit men and women to live in dignity and self-respect in decent, safe, and sanitary homes.

We must place human values above interest rates of 5½ or 6 percent. An authority on housing stated recently to me that if this present measure is

adopted there will follow the fact that never before have so many owed so much to so few at 5½ or 6 percent.

To me it seems essential that in the field of housing we must recognize the fact that in today's market it is practically impossible to produce a home meeting minimum standards for family living that can sell at less than \$10,000 in high-cost areas and \$8,000 in low-cost areas. Therefore, our problem is how, through the channels of private enterprise, can we get homes meeting those standards into the hands of families earning less than \$5,000 and down to the very low-income families for whom no substitute has been found for public housing. This bill is only a meager answer.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. McVEY].

(Mr. McVEY asked and was given permission to revise and extend his remarks.)

Mr. McVEY. Mr. Chairman, in the beginning, I should like to compliment the chairman of the Banking and Currency Committee, Congressman Wolcott, on the very excellent manner in which he has conducted the hearings before our committee on H. R. 7839. These hearings have consumed about 3 weeks, and the committee was in session both morning and afternoon a part of the time. The executive session, when the consideration of the hearings was before our committee, continued for almost 1 week. The measure, together with the hearings, produced a volume totaling 889 pages. Scores of witnesses were heard, and the committee had a splendid opportunity to evaluate the opinions of many important organizations in this country with regard to this important problem.

It is a pleasure to say that I have not known a chairman of a committee that exercised any more patience, any more tolerance of anyone's opinion, and any greater effort to bring out a good Housing Act than our chairman, Congressman Wolcott. I want, too, to express my feelings toward the members of our committee on both sides. Naturally, we do not agree in every particular, but our discussions have been friendly, and, in the end, I hope that we have arrived at a proper decision.

Our chairman has presented to you many of the important features in connection with this act. Other members of the committee will doubtless discuss certain titles and amendments which appear to them to be of most importance. One of the main purposes of this act is to present certain amendments and other clarifying provisions which will make this legislation more workable and of greater service to the country. I am going to speak of two amendments which I feel are very helpful—however, no more important than any other which you will be privileged to hear about during this discussion.

There are, in certain cities and villages, defunct lands lying along railroad trackage which are suited for industrial development, but which do not offer the best advantages for housing accommodations. These properties can only be ac-

quired by public agency, and the Housing Act of 1954 appeared to us to be an excellent vehicle for providing proper development of such defunct lands. Accordingly, an amendment was offered, and was approved unanimously by the committee, by adding the following phrase "or open land to be developed for commercial and industrial use" to section 110 (C) of title I, of the Housing Act of 1949. This title as originally written permitted the acquisition of "land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures, or of site improvements, or otherwise substantially impairs or arrests the sound growth of the community, and which is to be developed for predominantly residential uses." By adding to the last sentence the following phrase "or open land to be developed for commercial and industrial use," a very simple amendment permits, under the right of eminent domain, the use of these defunct lands for useful purposes which will be of great advantage to cities and villages where such trackage does exist.

Another amendment which seems very simple but which offers great advantage to school districts where difficulty is found in meeting housing accommodations is one to permit builders to construct one-family residences adjacent to school lands and to lease such quarters to boards of education for school purposes. These family dwellings when constructed without partitions will accommodate two classrooms, and will relieve some of the congestion that exists in communities where the permanent construction of a school may need to be postponed because of local financial problems.

I do not need to repeat the figures that have been given with regard to our rapid growth in population in recent years. This rapid increase has created a shortage of 350,000 classrooms, and it is estimated that 3 out of 5 of these classrooms will be crowded. This situation creates tremendous responsibilities upon communities which find themselves hard pressed to construct school-building facilities sufficiently rapid to take care of the incoming enrollments properly.

Our committee has unanimously endorsed this amendment to H. R. 7839, which will be a long step in the right direction of relieving hardships in many cases. Prior to this amendment the law did not permit a builder to receive FHA financing for the construction of a building to be leased to public schools. Any such structures had to be financed entirely by the builder. Such a provision retarded materially the proposition which I have explained, and the law which is now before us will do much to assist in relieving the pressure that now exists in many communities.

There are many other features of this bill which I think will be excellent for the country as a whole. It does not contain a public housing feature. It was believed by the Committee on Banking that this matter was in the hands of the Appropriations Committee, and no action of this character was required in connection with the passage of H. R. 7839.

This bill does provide means by which slum-clearance projects may be carried forward under Government insurance, which should assist materially in improving slum conditions in many of our cities and villages. There are many on this floor who are in full accord with slum-clearance programs but who do hesitate to vote for public housing. This act separates those two problems and make it possible for Members of this body who favor slum clearance and not public housing to vote for this measure. I am not going into this problem, because it will doubtless be discussed by others, but in my own mind I am glad that the two issues are not confused, and that we may go forward with a good slum-clearing project without the weight that might be caused by attaching to this measure a public housing program.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GRANAHAN].

(Mr. GRANAHAN asked and was given permission to extend his remarks in the RECORD at this point.)

ADDING LUXURY TAXES ON DECENT HOUSING

Mr. GRANAHAN. Mr. Chairman, the Congress on Tuesday enacted and the President on Wednesday signed a bill to reduce nearly all of the excise taxes—the so-called luxury taxes—and it has now become law.

The administration, as everyone knows, fought that bill strenuously. It put pressure to work all along the line. Now that it has passed, however, and it includes many provisions inserted by the Senate which we Democrats in the House were unable even to get considered on this side of the Capitol, the administration acknowledges that the bill will have a good effect on the economy by reviving business activity in many of the so-called luxury classifications—furs, jewelry, cosmetics, luggage, along with such things as admissions, telephone tolls, freezers, refrigerators, other appliances, and so on. Unfortunately, the bill does not reduce the present 10-percent tax on automobiles and parts.

But is it not strange, Mr. Chairman, that so soon after the Congress enacts a bill to reduce the so-called luxury taxes—and a lot of things covered are not luxuries at all, of course—it should now turn its attention to a bill which has the effect of establishing luxury taxes on decent homes for the American people?

Yet that is exactly what I am afraid we are doing in this housing bill, which is put forward by the Republican majority as a measure to stimulate housing construction.

What it does, however, as I see it, is to pave the way to making housing more expensive. Particularly is this true in regard to interest rates on FHA and GI mortgages. Instead of having clear-cut restrictions on interest rates on these mortgages—a matter on which the Congress should certainly maintain constant and continuing surveillance—we are told to just give the President blanket authority to up those rates as high as even 7 percent on FHA or whenever the situation in his opinion warrants that step.

Interest represents one of the major costs of purchasing a home. By the time you pay off the average mortgage, you have paid it twice—once in the amount of the principal and then perhaps the same amount or even more in interest. So a raise in interest rates on FHA or GI mortgages means a heavy additional burden on the home buyer. That is part of the story.

HAS THE PRESIDENT DEMONSTRATED GOOD JUDGMENT ON INTEREST RATES?

But let me ask, has the President demonstrated such good judgment, such clear insight and vision, on interest rates in the past that he should be given this blanket authority to raise at will or by whim the cost of a veteran's or anyone else's mortgage.

It was about a year ago, almost immediately after the Eisenhower administration took office, that the Government abruptly raised interest rates on Government obligations. This was one of the greatest handouts to the bankers we have seen in this country since the Mellon days. The Government's cost of financing the national debt shot up tremendously—costing us all more in higher taxes and in a higher national debt—while at the same time all we got out of it was a hard-money or tight-money policy which is at the root of our present economic difficulties. It caused a lot of small businesses to go to the wall, because they could not get credit except on prohibitively high interest rate terms. That is because the bankers were encouraged by the administration to raise interest rates.

The administration also proposed, and this Congress approved—over the vigorous objections of most of us on the Democratic side—a boost in veterans' housing interest rates. That was supposed to bring a flood of investment money into the mortgage market for GI-housing loans. But did it? All it did was raise the cost of the veteran's home then being built.

The housing industry is down—not up—as a result of those actions of this administration. The Housing and Home Finance Agency told the Appropriations Committee in connection with the independent offices appropriation bill, which we passed here on Wednesday, that its budget was based on estimates of only 900,000 new housing units in the coming fiscal year. Yet in the past 5 years we have never gone below 1 million units a year. So we have a recession in the housing-construction field, and I think it can be blamed on this high-interest-rate policy instituted by the administration last year which not only made housing more expensive but which led to an industrial downturn which boosted unemployment and thus eliminated a lot of people as prospects for new homes.

So let us not repeat that mistake—let us not make it even worse—by putting interest rates on FHA and GI homes on a rollercoaster so that we never know from one month to the next what the rate will be. We will have housing by whim of the bankers.

HOUSING FOR THE LOWER INCOME GROUPS

We are also being asked to write a luxury tax on housing into this bill by

making no provision whatsoever for a continuation of the public-housing program. Republican votes in this Congress have already killed off public housing in the sense that no new projects can be started. We have about 35,000 units for which the Government has entered into binding contracts and for which provision will have to be made, but as it now stands not a single additional project can be undertaken.

The President has asked for very little in this respect—35,000 units a year for 4 years. That is a drop in the bucket compared to the need, and compared to the authorizations the previous Democratic Congresses provided for 135,000 a year. But the President's own party in the Congress has refused to go along with him even on that extremely modest request, and now we see the spectacle of an overall housing bill, presumably representing the President's housing program, which does not contain any provision at all for a single new public housing project.

Instead, we are told to support a plan to get the families which are eligible for public housing by reason of low income and slum housing conditions and by eviction for redevelopment to buy—I repeat—buy homes for themselves. What kind of a home could a family eligible for public housing afford to buy? If it had that kind of income, it would not be eligible for public housing to begin with.

Providing 40-year loans to these people on an \$8,600 house would not solve the problem either, because, for one thing, you cannot build much of a house for \$8,600 in Philadelphia with any reasonable expectancy that it would remain standing for 40 years and not be a slum itself at that point, and second, the carrying charges or shelter rent on such a mortgage, I am told, would run over \$75 a month, when you count in taxes, utilities, and so on.

I would like to suggest to the Republican leaders who put this plan forward as a substitute for public housing that they give us the magic formula by which low-income families eligible for public housing could afford \$75 a month to live in one of these \$8,600 houses, assuming the house could even be built for that.

No, Mr. Chairman; what we are saying to the slum dweller is that if you do not like the slum you live in—and if it is torn down to make way for a redevelopment project—go find another slum, probably an even worse one. Because the Federal Government as it is now run does not have any plan for meeting your need for a decent place to live at a price you can afford.

And to the veteran, we are saying in this bill: Pay, boy, pay, because the mortgage bankers want higher interest rates and the Republican Party believes in giving the bankers whatever they ask for.

Mr. SPENCE. Mr. Chairman, I yield 8 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, I am not satisfied that H. R. 7839 fully answers this Nation's housing

needs. Neither do I feel that it is adequate to insure that the construction industry will continue to make the major contribution to our national economy as has been the case since the end of World War II.

H. R. 7839 contains, I am sorry to say, several major deficiencies. These include: First, failure to maintain the traditional policy of Congress that veterans are entitled to a preference in housing legislation; second, failure to provide a realistic, workable secondary mortgage market; third, delegation to the President of authority to set maximum interest rates on FHA and VA mortgages; and, fourth, surrender by the Banking and Currency Committee of its jurisdiction in the field of low-rent housing. I shall elaborate more fully on each of these in a few minutes.

Mr. Chairman, I certainly hope that this committee will see fit to approve amendments which will be offered to correct these deficiencies.

There is, it is true, many excellent and necessary provisions in this bill. They should receive the support of us all. Section 121 authorizes a much needed increase in FHA insurance authorization of 1.5 billion dollars, the President being authorized to make available an additional \$500 million if needed. The FHA was set up under authority of the National Housing Act, a bipartisan measure, enacted in 1934. The FHA has done a truly outstanding job. While I appreciate that no system, however carefully planned, can always operate with perfect efficiency because it cannot eliminate the factor of mistakes in human judgment, in the overall the FHA record has been truly an enviable one. The FHA has always enjoyed widespread approval in all sections of the country. It is a program which has been devoid of partisanship. Its record is such that it warrants the wholehearted and enthusiastic endorsement of every last Member of this body.

Section 101 would amend title I of the National Housing Act to assist in the improvement and conservation of existing houses by increasing the maximum insured loan for modernization and repair from \$2,500 to \$3,000 and the maximum maturity from 3 to 5 years. The latter provision would reduce the monthly charges required to carry such loans by about 35 percent. For example, the monthly charge required to carry a \$1,000 loan having a 5-year maturity would be about \$21, as compared with about \$32 in the case of a 3-year maturity.

Certain changes would also be made with respect to title I loans to finance the improvement or conversions of existing structures used or to be used as dwellings for two or more families. The present maximum of \$10,000 for this type of loan would be changed to \$1,500 per family unit or \$10,000, whichever is the greater, and the maximum maturity would be increased from 7 to 10 years.

Section 128 extends the military rental housing program under the Wherry Act for 1 year. This is most desirable. The Wherry Act has contributed more to the stability and wel-

fare of the armed services personnel than any other measure pertaining to housing that has ever been adopted by the Congress. Rents in many locations are still beyond the financial capability of service personnel and impose a hardship on the servicemen who is transferred into an area of high costs. We must, therefore, do our best to provide the servicemen with housing where he will not be subject to rentals beyond his ability or substandard housing conditions. The extension of the Wherry Act is the best way to do this.

Section 904 was added to the bill by an amendment offered by the gentleman from North Carolina [Mr. DEANE]. It would provide additional authorization for the farm-housing assistance under title V of the Housing Act of 1949. It is administered by the Farmers' Home Administration of the Department of Agriculture and authorizes the Secretary of that Department to extend financial assistance in the form of loans and grants to farm owners to enable them to construct, improve, or repair farm housing. Loans of up to 33 years' maturity which bear 4-percent interest may be made to farmers having adequate farms who are nevertheless unable to obtain private credit on terms which they can reasonably fulfill. Similar loans, supplemented by modest contributions during a 5-year period are also authorized where the farmer is unable to undertake to repay the loan in full. This form of aid is authorized only if the farm is potentially adequate—that is, capable of being improved to a point where it is self-sustaining—and if the necessary improvement program is actually undertaken. Finally, title V authorizes modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants.

The authority granted by the present law to obtain loan funds from the Treasury was limited to \$25 million on and after July 1, 1949, an additional \$50 million on and after July 1, 1950, an additional \$75 million on and after July 1, 1951, an additional \$100 million on and after July 1, 1952, and an additional \$100 million on or after July 1, 1953. H. R. 7839 would provide authorization for an additional \$100 million on or after July 1, 1954.

Annual contribution commitments for housing on potentially adequate farms were authorized to be entered into on and after July 1, 1949, in sums aggregating not more than \$500,000 per year—for 5 years—and additional commitments were authorized on and after July 1 of each of the years 1950, 1951, 1952, and 1953, respectively, which would require additional contributions of up to \$1 million, \$1.5 million, \$2 million, and \$2 million per annum, respectively. H. R. 7839 would provide a similar additional authorization of \$2 million on and after July 1, 1954.

Appropriations were also authorized for the loans and grants for improvements and repairs. Appropriations of \$2 million were authorized on and after

July 1, 1949, and further amounts of \$5 million, \$8 million, \$10 million, and \$10 million on July 1 of each of the years 1950, 1951, 1952, 1953, respectively. The bill would provide an additional authorization of \$10 million on or after July 1, 1954. I could give my wholehearted support to these provisions of H. R. 7839.

Unfortunately, Mr. Chairman, as I have said before, there are a number of provisions of this measure which I feel are most unwise.

Under the authority vested in the President by title II of the bill to adjust interest rates, fees and service charges, maximum financing charges on federally aided home-mortgage loans may go as high as 7 percent on the lowest-priced housing—the new FHA section 221 program—6½ percent on the other FHA-insured and 5½ percent on VA-guaranteed home-mortgage loans. In this connection I wish to point out that under section 203 of the National Housing Act, the FHA Commissioner already has authority to raise interest rates on most mortgages as high as 6 percent. On the other hand, under present law the maximum rate on GI home loans cannot be higher than 4½ percent. Consequently, it appears that the net effect of the new authority proposed under section 201 of the bill is to enable increases in interest rates to be made on GI home loans. All veterans' organizations are opposed to this provision and so testified before our committee.

Provision for a 2½-percent spread over the yield on long-term marketable Government bonds under title II of the bill represents a rise of 1 percentage point in the spread that investors were willing to accept prior to the inauguration of the hard-money policy. In view of the considerable easing of the money and credit supply since mid-1953, I do not believe it is necessary to provide for an increase in the traditional spread of 1½ percent between the maximum rate on federally aided home mortgages and the yield on long-term Government bonds, unless it is intended to reimpose restrictive tight money conditions on the economy.

Amendments to title II of the National Housing Act contained in title I of the bill would have immeasurable effect on the GI home-loan program. The proposed increase in loan to value ratios and the reduction in cash downpayments, together with the increase in the permissible term of the loan which will make lower monthly carrying charges possible, will make considerably more liberal financing terms possible for home purchasers under the FHA program. This, of course, would tend to dilute the preference which has been available to veterans obtaining GI financing, since the amendments would place nonveterans in virtually an equal position with respect to housing credit terms.

On the other hand, it is noted that the only action which the President could take in respect to VA-guaranteed home loans would be to make GI loan terms more restrictive. All eligible veterans, including recent veterans of the Korean conflict will be deprived to a considerable degree of the preferred position they

heretofore enjoyed in respect to housing credit.

Mr. Chairman, an adequate and readily available supply of mortgage financing is a prime requirement for a high and sustained volume of home building. Yet, according to the consensus of testimony before our committee, title III in its present form imposes unduly restrictive requirements upon FNMA and may actually have the effect of deterring mortgage lending instead of sustaining it. Specifically, it was pointed out that the 3-percent nonrefundable contribution to the Federal National Mortgage Association, to be borne by the lender upon mortgage sales to FNMA, will unduly restrict use of the facility. I should like to point out, in passing, that it is unlikely lenders will assume the burden of the 3-percent contribution; rather, the home builder or, more likely, the home buyer will ultimately pay it. Consequently, under the bill Federal credit—and equity capital provided by home purchasers—will be used to build up a multi-million-dollar secondary market reserve facility which will then be turned over to banks and insurance companies who sold mortgages to FNMA but otherwise contributed little to acquire ownership share.

Under title III—the FNMA requirement to purchase at market price—the 3-percent contribution and the service fee may result in a discount of home mortgages of 6½ to 7 percent under today's market condition.

Indeed, the president of the National Association of Home Builders testified:

On a \$12,000 loan, for example, this formula would result in a cost for permanent mortgage financing of \$750 to \$850. This equals, and probably exceeds, the extremely high discounts which characterized the mortgage market during last summer's unusual credit stringency.

Preference heretofore accorded GI mortgage loans in the secondary market operations of the FNMA is not continued under the bill; neither are GI loans specifically included in the category of home-mortgage loans for which FNMA is authorized to provide special assistance.

Mr. Chairman, the Banking and Currency Committee has always had jurisdiction in the public-housing program. I think the integrity of the committee should be protected. It is not a question of whether you are for or against public housing. The point is that it is not the function of the Appropriations Committee to legislate in this field.

Mr. Chairman, I believe these deficiencies are serious and I shall certainly give my wholehearted support to amendments to correct them.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. GWINN].

Mr. GWINN. Mr. Chairman, I want to speak for a few minutes to the question of the removal of slums and the building of new houses and the putting in of new kitchen sinks and new electric stoves and other modern gadgets as a political device for improving the morals of people. We got into this particular additional socialistic experiment in 1933,

because it was alleged over and over again that if you improve the housing conditions of the people, you will improve their morals. It sounds well like many other sounding phrases, but on examination the substance of it disappears with the sound. There has never been presented to this House, or to any other group that I can find, any scientific data to show that by moving people into a new house at public expense under political compulsion at half-rent, free from taxes, that you have improved the morals of the people. But when the Government says so, and high authorities say so generally, after a while the people begin to say, "Why, it is true, the Government says it is true that when you improve the physical surroundings of people, and when you give them the modern gadgets of life, they turn around and become good people." Since there is no evidence of it, why should we continue to follow the illusion? The fact of it is that public housing, TVA, subsidies generally, follow an unmoral rule. That is, the taking of private property without consent by political compulsion to make it public property for the benefit of special groups is antisocial and morally wrong. Moral qualities which reside in the individual alone certainly cannot be conveyed by force of government to another. So when government attempts to separate a man's house or property rights from him by force so as to convey it to another, nothing of moral value whatever can be conveyed. Violence against property rights of the one brings more degradation to the other who takes the proceeds. Besides, it corrupts the government that acts as a go between.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I will yield a little later.

Politically we know Government tenants lose their freedom. They are told how to vote. They are political dependents. They lose their moral choices, too.

Let me quote statistics to prove it. A judge is quoted in the Providence Journal of March 20, 1954, as follows:

Slums do not make delinquency. Delinquent people make slums.

That is Judge Francis J. McCabe, of the Rhode Island Juvenile Court, speaking. He continues:

Public housing projects don't wipe out juvenile and adult delinquency by eliminating slums. Delinquents are more plentiful in the projects because they move into the projects from scattered areas and thereby become more concentrated.

In Los Angeles the chief of police has stated that calls for police cars are higher from public housing projects than from privately owned projects across the street. Police calls per thousand population in a privately owned project were 0.08 percent. In 4 big housing projects the calls per thousand were 13.75 percent.

The chief of police has stated on the basis of a study that on the average there was 96 percent more crime in permanent public-housing projects in Los Angeles than in the slums themselves, and more than 1,000 percent more crime in public-housing projects than in the

privately owned, low-rent housing projects in the same city.

In Houston, Tex., it is the same story. Wherever you go it must be the same. The concept that a new kitchen stove improves the morals of the person who operates it is a pagan concept.

Certainly one excuse for taking 35,000 new houses from some people and giving them to others to improve their morals fails.

The people do not like such houses. They feel like they are living in rows of prison cells with political bosses and guards over them.

Listen to the vacancy rates:

By States: Little Rock, Ark., in 400 public-housing units, 101 are vacant.

Tuscaloosa, Ala.: In 340 housing units, 76 are vacant.

In Chicago, Ill.: In 1,027 units, 108 are vacant.

In Peoria, Ill.: Of 846 units, 151 are vacant.

In Gary, out of 317, 23 were vacant. That is a fairly good record.

In South Carolina, of 58, 17 are vacant.

In Tennessee, Pulaski, out of 80, 24 are vacant.

In San Antonio, out of 500, 172 are vacant.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield.

Mr. BYRNE of Pennsylvania. What about the large cities? What about Philadelphia? How many are vacant in this city?

Mr. GWINN. I just read Chicago. I do not see Philadelphia for the moment. Chicago out of 1,027 had 108 vacant; that is more than 10 percent, in these times when the need is so great.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield to the gentleman from New York.

Mr. MULTER. First, with reference to what the gentleman is talking about now, the vacancy rate, I think the statistics before you have a note indicating that the vacancy rate includes people being moved out because they no longer come within the maximum earning rate; it includes vacancies while the premises are being prepared for new tenants. Very few are vacant because there are no tenants available. They are vacant while being prepared for new tenants, while new tenants are being investigated to see whether they fall within the terms of the law on such apartments, and while the apartments are being processed for new tenants.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman—

Mr. CELLER. Mr. Chairman, will the gentleman from Illinois yield?

Mr. O'HARA of Illinois. I yield to the gentleman from New York.

Mr. CELLER. May I take 1 minute?

Mr. O'HARA of Illinois. I am glad to yield the gentleman 1 minute of my time, Mr. Chairman.

Mr. CELLER. Mr. Chairman, I ask unanimous consent to speak out of order for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Chairman, Leo Rover, United States attorney for the District of Columbia, is guilty of a great indiscretion. He induced a call of the municipal court judges of the District and criticized the judges for the low rate of convictions for homosexual offenses. He expressed disappointment and dismay that convictions result in only 38 percent of the cases tried. No appointed official dare tell any judge how to conduct a trial, much less indirectly induce a judge or judges so to conduct trials as to increase the batting average of convictions for any United States attorney.

The answer is for the United States attorney to bring in better and more substantial evidence.

Mr. Rover had better not be guilty of any such improper conduct again.

I thank the gentleman.

[Mr. O'HARA of Illinois addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. SCOTT].

(Mr. SCOTT asked and was given permission to revise and extend his remarks.)

Mr. SCOTT. Mr. Chairman, I rise particularly to call attention to the considerable misapprehension which exists in my city of Philadelphia regarding the present state of the housing program. Yesterday's papers contained statements by the city council president, James A. Finnegan, to the effect that House action threatens total loss of Philadelphia housing projects—pending, completed, and not started.

Mr. Finnegan makes a thoroughly political presentation, I am sorry to say, and represents that certain projects now under completion cannot be completed.

Among other statements he makes are some to the effect that the North Allen development, bounded by Harper, Percy, Poplar, and 12th Streets, adjacent to the 1,000-unit Richard Allen homes, cannot be proceeded with and that, though firm contracts have been entered into, the time, money, and effort spent on this project will be a total loss.

So said Mr. Finnegan.

The same statements are made with reference to the Wilson Park and Raymond Rosen projects.

Mr. CHUDOFF. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from Pennsylvania.

Mr. CHUDOFF. I read the Philadelphia papers of yesterday and carefully read the statement by the president of the city council, Mr. Finnegan, to the effect that the North Allen project could not be completed. I think that is correct. I did not see anything at all about the Raymond Rosen Apartments or the Wilson Park project. The Raymond Rosen Apartments are in my district. The people are going to move into them in May. In what paper did the gentleman

see this statement concerning the Raymond Rosen Apartments?

Mr. SCOTT. I would refer the gentleman to the Philadelphia Inquirer of Wednesday, March 31, and the Philadelphia Bulletin of Wednesday, March 31, and the statements by the city council president contained therein. Particular reference is made to this remark:

In an attack on the House Republican leadership, Finnegan said the Philadelphia Housing Authority already has spent considerable time and money in preparing plans for the 10-acre development bounded by Harper, Percy, Poplar, and 12th Streets.

Mr. CHUDOFF. That is the North Allen project.

Mr. SCOTT. Then Mr. Finnegan went on to say that the House or its committees not only sounded the death knell for all future public housing but also put the Federal Government in the position of unilaterally nullifying firm contracts already entered into with local housing authorities.

Therefore, he has made a blanket statement that all pending and future contracts are imperiled by the House action.

I would like to make the point that Mr. Finnegan is totally, completely, utterly, absolutely, and comprehensively in error.

Mr. CHUDOFF. What the gentleman is doing is making an interpretation of a statement that does not say anything like that. It is true we will not be able to complete the North Allen homes. We have spent thousands of dollars through the redevelopment authority clearing the ground, and under this bill we will not be able to complete this project. There is not a word in that statement about either the Raymond Rosen or the Wilson Park homes, and I do not think Mr. Finnegan intended to mean that.

Mr. SCOTT. If the gentleman will permit me to proceed, I will be glad to point out that the specific reference, and I want to be quite accurate about it, to Raymond Rosen and the Wilson Park projects occurs in a statement following the inclusive statement of Mr. Finnegan that all of these projects are imperiled. Then the specific statement is made by Mr. Alessandrini, the executive director of the Philadelphia Housing Authority, that among those projects which will be affected are the Wilson Park project and the Raymond Rosen apartments and he added that it is "conceivable that the housing authority may find itself with an open tract ready for development and no funds," referring to certain other tracts.

Mr. CHUDOFF. That is the statement of Mr. Alessandrini, not Mr. Finnegan.

Mr. SCOTT. But it follows Mr. Finnegan's inclusive statement that the action of the House refers to pending and future projects and that it nullifies both. As to the Allen project, we will be able to complete it under the action taken yesterday on the appropriation bill.

Mr. CHUDOFF. I think the gentleman is making a wrong interpretation of the statement, and is reading some-

thing into the record that is not there.

Mr. SCOTT. The gentleman and I are both in favor of the public-housing program for Philadelphia. If he does not mind, I would like to go on with that theme.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. BYRNE of Pennsylvania. The gentleman knows I represent the third district, in which the Allen project is located, also the one at 12th, Poplar, Percy, and Harper Streets. Does the gentleman also know that 2 years ago they demolished the properties from Spring Garden Street to Poplar Street, and all they did was put fences up? What is going to happen to them? The gentleman knows that in this section of the city we are badly in need of public housing from Vine Street north.

Mr. SCOTT. I agree with the gentleman that we are in need of public housing and that the gentleman's opinion and mine, I know, are the same. The point which I wish to make here is that the ruling of the Comptroller General, which is also referred to in the press account details that the Government can still proceed with 35,000 units already contracted for during the next fiscal year, and permitted by our action on the appropriation bill yesterday. Therefore, the present project in Philadelphia is not imperiled and, furthermore, should not be imperiled because I agree with the mayor of Philadelphia in his telegram to the various officials here of March 5, 1954, in which he says:

A survey of incomes of families living in blighted areas in Philadelphia clearly reveals that large scale low-rent housing is the only real solution.

But, I want to make this point, that it is my understanding that an amendment or amendments will be offered here in addition to the action of yesterday, which amendment will authorize at least 35,000 new units for fiscal 1955. Amendments will be offered here which will continue the program, as recommended by the President, on a year-to-year basis. One such amendment will at least assure, if adopted, the authorization for 35,000 additional housing units during the fiscal year 1955. The minority of the committee in its dissenting opinion states that it wishes to support the President's program "because it would make it possible for him to carry out the program he proposes, and to meet the needs of families of low income displaced by the slum clearance and urban renewal program he recommends."

The amendment which will be introduced from the administration side will accomplish that purpose. Therefore, I hope that such an amendment, when offered, will be adopted by the committee.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. YATES. What will the proposal be—to incorporate the President's recommendation of 140,000 units to be constructed over a 4-year period?

Mr. SCOTT. I imagine that the people who plan to offer the amendment would like to reserve the exact wording of it, until after the bill has been read for amendment. I would not want to undertake to say how some Member's amendment may read. It may be changed between now and the time that it is offered. But it will carry out the President's program for the fiscal year 1955 so I am informed.

Mr. YATES. Will not the gentleman agree that the President's proposal, as stated both by the President in January and by former Congressman Cole, the Present Housing and Home Finance Administrator, is for the construction of 140,000 units over a period of 4 years?

Mr. SCOTT. At the rate of, I understand, 35,000 units per year.

Mr. YATES. That is for 4 years.

Mr. SCOTT. It may be offered on a year-to-year basis or it may be offered on some other basis. But I do not want to anticipate what some other gentleman will do in detail.

Mr. Chairman, I would like to make, what seems to me, an important point, if I may. The Philadelphia housing authority has every reason to be proud of the fact that juvenile delinquency in its area is only one-half of that in surrounding areas, and that the projects are a financial asset to the city. For example, the three tracts on which the Allen, Johnson, and Tasker homes were built had been delinquent \$140,000 in taxes. One site was a slum; one was a deteriorated cemetery; the third was a dump.

Today, although the housing authority pays the city only 10 percent of the rentals, the income from these sites to the city is one-third greater than in preproject times. Meanwhile, of course, the fire risk and police coverage and crime rate of the former slum areas dropped sharply.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. BYRNE of Pennsylvania. I am glad the gentleman brought that point out because about an hour ago the gentleman from New York [Mr. GWINN] started to read a list of vacancies in public-housing projects and ignored the juvenile delinquency problem. You have proved by your last statement that in Philadelphia at least, there are no public-housing vacancies, and, in fact, we have a long waiting list of applicants.

Mr. SCOTT. I want to say that the program is essential in my city of Philadelphia. It improves our economy. It sustains and supports the declared need for those projects, and it certainly lowers the cost of policing and fire protection. It greatly decreases crime. As a former assistant district attorney for 15 years, I know these areas and I know whereof I speak, and I do not have to rely on guesses.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. DEANE].

(Mr. DEANE asked and was given permission to revise and extend his remarks.)

Mr. DEANE. Mr. Chairman, I signed the minority report, not in any partisan sense, but because I sincerely felt that the bill failed to include certain provisions that are earnestly desired by certain groups in the country. I am thinking of the veterans groups and the provisions of the bill eliminating veterans' preferences, and the plan to increase interest rates.

Mr. Chairman, a minority report, I think, promotes good legislation. When

individuals differ with their colleagues in order to point up the essential needs of housing, or any other type of legislation, it is progress.

RURAL HOUSING PROGRAM

I join with my colleagues on both sides in commending our chairman the gentleman from Michigan [Mr. Wolcott] for his liberality and patience during our long hearings.

To him as well as other members of the committee, I want to express my per-

sonal appreciation for the acceptance of an amendment which I offered, which restored to the bill the rural housing program.

On page 30 of the report and page 225 of the bill you will see where that legislation is described and explained.

Mr. Chairman, under permission previously granted, I insert at this point a table which summarizes by States statistical data on this rural housing program administered by the Farmers Home Administration:

STATISTICAL TABLE SUMMARIZING RURAL HOUSING LOANS BY STATES

U. S. Department of Agriculture, Farmers' Home Administration—Farm housing program data, from inception of program through Dec. 31, 1953

State	Number loans made		Amount loaned		Average amount loaned		Number of borrowers in arrears on Jan. 31, 1953	Applications on hand Dec. 31, 1953			
	Veteran and non-veteran	Veteran only	Veteran and nonveteran	Veteran only	Veteran and non-veteran	Veteran only		Veteran and nonveteran		Veteran only	
								Number	Estimated amount	Number	Estimated amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
United States total	18,401	7,675	\$93,992,181	\$39,819,108	\$5,108	\$5,188	761	5,097	\$25,916,845	2,042	\$10,701,349
Alabama	1,022	502	5,509,475	2,802,396	5,391	5,582	8	560	3,018,960	228	1,272,696
Arizona	100	33	722,462	251,015	7,225	7,607	5	13	93,925	2	15,214
Arkansas	971	438	3,209,342	1,419,134	3,305	3,240	14	425	1,407,930	156	505,440
California	449	198	2,734,762	1,173,054	6,091	5,925	20	100	609,100	40	237,000
Colorado	212	101	1,232,162	602,578	5,812	5,966	14	45	261,540	21	125,286
Connecticut	34	15	142,082	64,417	4,179	4,294	1	4	16,716	2	8,588
Delaware	5	1	26,290	5,100	5,258	5,100	0	0	0	0	0
Florida	357	203	2,100,878	1,196,646	5,885	5,895	7	104	612,040	58	341,910
Georgia	1,164	546	5,716,975	2,752,180	4,911	5,041	27	482	2,367,102	166	836,806
Idaho	338	121	2,095,506	750,456	6,200	6,202	37	71	440,200	24	148,848
Illinois	336	122	1,328,605	433,169	3,954	3,551	1	60	237,240	23	81,673
Indiana	302	113	1,539,997	613,875	5,099	5,433	1	77	392,623	45	244,485
Iowa	355	95	1,667,289	488,405	4,697	5,141	1	60	281,820	15	77,115
Kansas	267	103	1,419,791	531,248	5,318	5,158	27	57	303,126	20	103,160
Kentucky	424	192	2,227,883	1,055,420	5,254	5,497	8	56	294,224	31	170,407
Louisiana	640	265	3,322,580	1,403,117	5,192	5,295	13	238	1,235,696	100	529,500
Maine	263	109	1,049,715	399,057	3,991	3,661	7	37	147,667	16	58,576
Maryland	137	51	736,046	287,165	5,373	5,631	7	42	225,666	15	84,465
Massachusetts	20	6	97,043	31,300	4,852	5,217	1	3	15,651	3	15,651
Michigan	414	171	2,002,630	866,094	4,837	5,065	8	69	333,753	29	146,885
Minnesota	304	96	1,262,580	361,770	4,153	3,768	11	65	269,945	19	71,592
Mississippi	1,145	564	4,860,853	2,406,339	4,245	4,267	30	383	1,625,835	155	661,385
Missouri	883	381	3,218,484	1,398,627	3,645	3,671	22	189	688,905	72	264,312
Montana	189	77	1,140,615	462,725	6,035	6,009	24	42	253,470	19	114,171
Nebraska	362	142	1,653,595	705,858	4,568	4,971	28	21	95,928	14	69,594
Nevada	25	9	180,807	62,750	7,232	6,972	3	3	21,696	0	0
New Hampshire	15	10	57,420	42,045	3,828	4,204	0	10	38,280	6	25,224
New Jersey	145	43	740,953	240,943	5,110	5,603	2	17	86,870	5	28,015
New Mexico	238	100	1,357,541	570,475	5,704	5,705	20	39	222,456	23	131,215
New York	165	53	908,547	320,290	5,506	6,043	13	34	187,204	14	84,602
North Carolina	739	309	4,229,947	1,780,397	5,724	5,762	7	152	870,048	101	581,962
North Dakota	196	67	1,239,038	426,387	6,322	6,364	22	162	1,024,164	41	260,924
Ohio	190	88	873,480	369,458	4,597	4,198	7	43	197,671	17	71,366
Oklahoma	960	367	4,847,383	1,833,676	5,049	4,996	77	216	1,090,584	74	369,704
Oregon	204	76	1,332,914	453,866	6,534	5,972	9	47	307,098	14	83,608
Pennsylvania	353	182	1,495,857	782,419	4,238	4,299	12	61	258,518	25	107,475
Rhode Island	2	1	5,570	3,140	2,785	3,140	0	1	3,140	1	3,140
South Carolina	613	319	3,597,104	2,064,680	5,868	6,472	8	206	1,208,808	86	556,592
South Dakota	216	66	1,139,024	367,273	5,273	5,565	28	64	337,472	27	150,255
Tennessee	585	259	3,040,455	1,394,213	5,197	5,383	12	117	608,049	62	333,746
Texas	1,158	415	6,673,353	2,425,767	5,763	5,845	121	215	1,239,045	81	473,445
Utah	264	80	1,654,674	537,207	6,268	6,715	14	51	319,668	26	174,590
Vermont	18	4	71,375	15,365	3,965	3,841	1	7	27,755	1	3,841
Virginia	326	167	2,122,887	1,124,077	6,512	6,731	22	92	599,104	45	302,895
Washington	207	98	1,412,972	681,734	6,826	6,956	8	56	382,256	33	229,548
West Virginia	246	114	1,575,047	790,436	6,403	6,934	3	114	729,942	53	367,502
Wisconsin	289	87	1,328,991	418,855	4,599	4,814	8	51	234,549	9	43,326
Wyoming	141	54	817,672	332,790	5,799	6,163	16	17	98,583	9	55,467
Alaska	1	1	1,000	1,000	1,000	1,000	0	0	0	0	0
Hawaii	101	22	825,950	145,135	8,178	6,597	3	13	106,314	3	19,791
Puerto Rico	296	38	1,369,450	170,585	4,627	4,489	17	98	453,446	13	58,357
Virgin Islands	15	1	75,130	3,000	5,009	3,000	6	7	35,063	0	0

It is significant that over \$94 million has been loaned under this rural housing program, and less than 5 percent are in arrears. This rural housing program is frankly the only live housing program open to our rural people. For example, the Veterans' Administration in 1953 made a total number of loans of 322,160, but only 1,455 were farm loans.

RURAL HOUSING NEEDS

Let me give you a few facts, the latest available on the need for rural housing and improvements. We fight to eliminate slums in the great cities. We must not do less for the rural citizenship of this country.

STATEMENT OF RAYMOND C. SMITH, ASSISTANT CHIEF, BUREAU OF AGRICULTURE ECONOMICS, DEPARTMENT OF AGRICULTURE, FEBRUARY 1949

The deficiency of farm housing compared with urban housing, though not so marked as in earlier years, still is much in evidence. In April 1947, for example, 67.3 percent of rural farm dwellings lacked running water, while only 4.5 percent of urban dwellings lacked this facility; only 20 percent of farm dwellings had private bath and flush toilet, while about 84 percent of urban dwellings were so equipped; about 60 percent of farm dwellings and 98 percent of urban dwellings had electric lights; about 10 percent of occupied rural farm dwellings and less than half of this percent of urban dwellings were over-

crowded; whereas 83 percent of the urban housing units possessed all designated modern facilities, such as lights, running water, bath, and flush toilet, only 19 percent of farm dwellings were as well provided.

THE URBAN RENEWAL PROGRAM

I come now to a discussion of the new bold slum-clearance program, under a new designation, "The Urban Redevelopment Program." If you will refer to page 126 of the bill, you will see that the Commissioner can guarantee loans up to \$50 million. It is a bold program and I challenge the owners, builders, and mortgage bankers of this country to come to grips with it realistically. I am not ar-

guing against guaranteeing loans for 40 years on the basis of \$7,600, but I wonder if our mortgage bankers are going to accept those loans.

I call to the attention of the committee the testimony given by Mr. John A. Searles, chairman, redevelopment section, District of Columbia Redevelopment Land Agency, on page 337 of the hearings. At this point in the hearings I developed from his testimony that the area in Southwest Washington lying from the railroad tracks out to Fort McNair and from South Capitol Street over to the waterfront and 14th Street, the area now contains 22,000 people, or almost 6,000 families. I asked Mr. Searles what is the approximate rental that is being paid? The testimony reveals that the rent is as low as \$25 a month on an average by block. The average for the entire area runs around \$40 a month. This area, Mr. Chairman, has been included an urban renewal area.

From the testimony of Mr. Searles it appears clear to me that the lower 40 percent of the occupants in this Southwest Washington area have a priority for low-rent public housing.

Now, Mr. Chairman, what is going to happen if this area is developed as an urban renewal area? Will the displaced families be able to pay the rent on the \$7,600 home as recommended in the committee? For the information of the committee I submit the following exhibit appearing on page 94 of the Report of the President's Advisory Committee on Housing giving the estimated monthly mortgage payment and housing expenses on typical mortgages insured under the proposed new section of the housing bill. A study of this exhibit reveals the impossibility, in my opinion, for the great majority of the people living in this Southwest Washington area or any other similar blighted area to pay the estimated monthly mortgage payments and housing expenses which as shown by the table on a \$7,000 house would run \$62.92.

Estimated monthly mortgage payment and housing expense on typical mortgages insured under proposed sec. 221

	Mortgage amount		
	\$6,000.00	\$7,000.00	\$8,000.00
Mortgage term: 40 years ratio of loan to value: 100 percent.....			
Payment to principal and interest of 4½ percent on reducing balances.....	27.00	31.50	36.00
Payment to FHA mort- gage insurance premium of ½ of 1 percent on reducing balances ¹	2.47	2.88	3.29
Payment to service charge of ½ of 1 percent on reducing balances ¹	2.47	2.88	3.29
Estimated payments to hazard insurance premi- ums, taxes, and any miscellaneous items.....	7.64	8.91	10.19
Total monthly mort- gage payment.....	39.58	46.17	52.77
Estimated monthly costs of maintenance and regular operating ex- pense items (water, gas, electricity, and fuel) ²	15.77	16.75	17.93
Estimated total monthly housing expenses.....	55.35	62.92	70.70

¹ One-twelfth of the second annual premium or service charge. These amounts decline over the life of the mortgage, paralleling the decline in the outstanding balance.

² Maintenance accounts for approximately ⅓ of this item.

Source: Federal Housing Administration.

Mr. Chairman, I refer you to the testimony of Mr. J. A. Reilly, a Washington banker, who appeared before our committee in behalf of the American Bankers Association. As a part of my remarks I insert here the series of questions that I directed to Mr. Reilly on how to take care of these displaced persons in an urban rural development:

Mr. DEANE. What would you recommend for, say, the people in the Southwest Washington area, where a witness yesterday said the average rental was around \$40 to \$44 a month? What type of housing do you recommend for those people when they are displaced?

Mr. REILLY. I think they have got to be taken care of, but I think—

Mr. DEANE. What would your organization recommend?

Mr. REILLY. I don't know, but certainly a person living in a slum area now paying a low rental is no kind of a risk to build a house for and sell it to him for \$7,000, and take his note and give him 40 years to pay it back. There has got to be some Government subsidy in that, as I see it.

It is a social-welfare problem that has to be solved by the Government, and not by lending money to them.

Mr. DEANE. You understand I am not trying to put you on the spot.

Mr. REILLY. I understand.

Mr. DEANE. We must do something for these people.

Mr. REILLY. We surely do. I think it is a Government welfare program and should be considered by the Congress as such. And not toss it off into the loan field.

Mr. DEANE. Is that the viewpoint of the American Bankers Association?

Mr. REILLY. It certainly is.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. CANFIELD. The gentleman is exactly right. I want to compliment the gentleman from North Carolina for making that statement at this stage of the debate.

Mr. DEANE. I thank the gentleman from New Jersey. I know his long and faithful interest in providing decent housing for all groups. I appreciate the contribution of the gentleman from New Jersey [Mr. CANFIELD].

TINY NO. 2, WASHINGTON'S WICKEDEST PRECINCT

Some days ago most of the Members read, as I did, the series of articles appearing in the Washington Post written by Mr. S. L. Fishbein on Tiny No. 2, the City's Wickedest Precinct. The Post did, in my opinion, make a significant contribution in bringing to the attention of the Capital City and the Congress what can and is taking place within a comparatively small area of what is supposed to be a beautiful city.

I had a personal talk with Mr. Fishbein and pointed out this fact: It is easy to state and describe a problem. It is quite difficult to provide an answer.

It is my personal conviction that the owners of property in the second precinct or any other similar precinct in any city of the country must be held personally responsible for what is wrong. The key leadership, not only in the area involved, but the city officials and church leaders, must begin at once to assume personal responsibility for what is wrong. Until that takes place, the second precinct and other similar slum areas throughout the country will continue to

fester and become an ever-increasing problem to the entire country.

At this point, Mr. Chairman, I include, under request previously granted, the series of articles written by Mr. Fishbein and again commend him and the Washington Post for this enlightening series of articles. Yet it makes one hang his head in shame to think that such an area exists in the shadow of the Capitol of the greatest nation in the world.

[From the Washington Post of March 14, 1954]

"THE WICKEDEST PRECINCT"

Washingtonians living in neat residential streets and comfortable suburbs have a vague knowledge of what poverty, vice, filth, and wretchedness prevail in some other parts of the city. But to most of them this degradation seems remote. Seldom do they realize that the crime and tragedy, the vice and disease that center in the city's slums tend to fan out and taint the entire community. Yet that is an inescapable fact which influences nearly every municipal policy.

The Washington Post's series on "the wickedest precinct" is an attempt to acquaint the city, by means of candid pictures and hard facts, with the worst aspects of its community life. The people have a right to know about the consequences that flow from the dens of iniquity, the rat-infested slums, the garbage-strewn alleys and beer joints of the wickedest precinct. Only by knowing the extent of the crime and misery that are generated here can they hope to move toward remedies. What is the relation between overcrowded shelters unfit to be called houses and the excessive delinquency rate among children who live there? Can the city root out excessive crime from this area so long as poverty and frustration prevail? What does it cost the community to leave open cesspools of vice and violence overflowing in its midst? What is necessary to lift this segment of the community up to the standards of its average or even its best neighborhoods?

"The wickedest precinct" is a challenge to every local resident whether or not he realizes it. Putting it out of mind will afford him no protection against a possible knifing by a second precinct thug some dark night. Nor will it save his family from the spread of tuberculosis from the back alleys. Washington has too long turned its gaze away from the sordid truth about its worst depressed areas. So long as it does so the hope of cleaning up this shameful aspect of our community life will be nil. The Post is offering these stark and unlovely facts in the hope that increased awareness of our community failings will force officials and civic groups—and encourage the people of the precinct itself—to move more resolutely against the evils thus exposed.

[From the Washington Post of March 14, 1954]

THE WICKEDEST PRECINCT—No. 2 LEADS CITY IN VICE AND VIOLENCE

(EDITOR'S NOTE.—The second precinct is the wickedest of all Washington police precincts. The Washington Post is putting this poison spot of crime under the microscope to see why it is so filled with evil and to find out what can be done about it. The good people of the second precinct—and there are thousands of the most law-abiding residents of the city living here—need help in cleaning out the vice, destitution, and disease that threaten their well-being. The residents of other areas need to be awakened to conditions that threaten to spread this infection to other neighborhoods. It is a crisis too big for police alone. It will never be solved until all Washington knows and understands the menace of the veritable sink of iniquity that has developed in this precinct. This article is the first in a series of daily and

Sunday pieces in which the facts of life in the wickedest precinct will be examined. The series will be followed by subsequent articles, appearing regularly each Sunday and occasionally during the week. Washington Post reporters will keep the light on the second precinct throughout the year. They are going to devote intensive coverage to it throughout 1954 and in subsequent months. It is hoped that when this task is completed, the second no longer will be the wickedest precinct. Citizens will be shocked, as the editors of the Washington Post have been shocked, by the picture of what life is like in the second precinct. We hope they will be shocked. We hope they will be shocked enough to do something about a situation that has cried aloud for remedy for half a century.)

(First of a series)

(By S. L. Fishbein)

Rats and wretches, prostitutes and panderers, slayers and slashers, hopheads and "winos" mingle and fight and die in the second precinct—Washington's wickedest.

The cauldron of violence known as the second precinct is the biggest single reason why the National Capital annually ranks at or near the top of all cities in the number of aggravated assaults.

Second precinct murders bulge out the citywide figures to the point where Washington frequently ranks higher than larger cities in the number of felonious homicides recorded.

Through the ebb and flow of crime waves and the varying intensity of the police drive one fact stands out perennially: The second precinct leads all the rest in vice and violence.

The second trails the other 13 in size, covering a mile-and-a-quarter area in the heart of Washington.

And crime is not its only industry. Its teeming streets hold the largest number of licensed businesses in the city.

Among these 4,900 enterprises, smart hotels on the southwestern fringes contrast with the broken down rooming houses in the middle reaches which are often nothing more than sweatshops for the streetwalkers.

Streetwalkers—some 200 of them—patrol the precinct, mostly along Seventh Street and Ninth Street and in the 600 block of O Street.

Curbside whisky peddlers offer their illegal services with prices to match in the 400 block of Neal Place, at the corners of Fifth Street and Neal Place, Fifth and O Streets, 14th and T Streets, and 14th and Corcoran Streets.

Harried dope addicts keep drifting back to their old haunts on Ninth Street and Seventh Street.

Knife wielders and muggers may be found almost anywhere in the precinct except in the southwest where the K Street complex of office buildings, hotels, and apartment houses form a wedge of respectability.

Crime and misery breed most abundantly in the 30 inhabited alleys where human villainess and degradation of the basest sort has reproduced itself for over half a century. It remains largely unnoticed by the middle-class commuters who zip through the precinct on express buses and streetcars.

These decayed alleys harbor children who know no fathers. Here garbage-fattened rats occasionally make bold forays against children in bed.

Here the passions stoked by poverty, frustration and cheap wine send the knife blades slashing against cheek and bone and back.

Here the lessons taught in school must be studied and absorbed by kerosene lamp amidst the atmosphere of the stinking chamber pot and the outside toilet and the sight of strange men living with mothers and sisters.

The second precinct is not the exclusive hunting ground of Washington's human scum.

Nor is it a particularly happy hunting ground. In the new and fresher atmosphere of Police Chief Robert V. Murray's administration, second precinct police under Capt. John E. Winters have settled into a war of attrition that continues day in and day out.

With the manpower available, it is the only type of war that seems feasible.

The second precinct is the entrenched crime capital of the Nation's Capital.

Crime figures for the fiscal year 1953 are interesting. In the second precinct, which covers about one-sixtieth of the city's area and contains one-fourteenth of the city's population, there were more murders, robberies, aggravated assaults, housebreakings, concealed-weapons cases, prostitution cases, liquor violations, and drug violations than in any of the other 13 precincts.

It tied for first place in rape cases and ranked second in gambling offenses reported.

By the numbers: In fiscal 1953 the city's smallest precinct was the scene of 19 out of a citywide total of 69 murders reported; 1,503 out of a total of 4,598 aggravated assaults; 269 out of a total of 1,325 robberies; 23 out of a total of 148 rape cases; 714 out of a total of 5,040 housebreakings; 134 out of a total of 466 concealed weapons cases; 344 out of a total of 655 prostitution cases; 562 out of a total of 1,040 narcotics cases; and 581 out of a total of 1,731 illegal whisky cases.

The same pattern of lawlessness holds true for 1952, 1951, 1950, and as many years back as veteran policemen can remember. The second is always the worst.

As of 1950 the precinct was home for 14,876 white and 43,974 Negro residents. In addition its streets have been swelled for years by Negroes drawn from outside the precinct by the jazzy taverns, blood and thunder movie houses, pawn shops, second hand stores, "take out" lunch rooms, and billiard parlors.

The second precinct, in other words, is "town" for Negro residents from all over the city, as well as a retail depot for dope, women, bootleg corn, and legal whisky sold illegally after hours.

It is not surprising, therefore, that in the 1953 fiscal year, 16 out of every 17 persons arrested in the precinct for major crimes were Negroes, or that 4 out of every 5 persons arrested for all crimes were Negro.

And among the crimes, which involved bloodshed, the slashings or murders growing out of the eruption of rotgut whisky, dice games and love triangles, the victims were also overwhelmingly Negro.

The appeal of the second precinct, however, is not strictly along racial lines.

The statistics don't show it but veteran prostitutes report that a huge proportion of their clientele is white, including servicemen on liberty in Washington.

Prostitutes lie easily but a beat policeman, hardened by more than a decade in the vortex of vice operations, is still perplexed when he recalls catching family men from "real good neighborhoods in bed with the filthiest women you ever saw."

The second is the precinct from which the slum women fan out into the city to become charwomen, day workers, and maids; and the precinct which supplies most of the venereal disease patients at the Polk Health Center at Seventh and P Streets NW.

The second precinct is the only one in the city in which all beats are patrolled by two policemen together when the men are available. When they are not, the footmen are concentrated in the middle and spread thin at the east and west borders.

It is the precinct in which a shocked Catholic priest reported to police that a drunk staggered into the church confessional and relieved himself.

It is the precinct whose captain, John E. Winters, responded to a report of a natural death and found two children sleeping beside the dead man. "They were tired and

I didn't have a place to put them," the woman of the house reported.

The precinct covers about 130 squares from which Captain Winters' vice detail has culled a file of 250 addresses of known or suspected vice dens. Some are cold leads due to raids and the system of monthly visits by senior precinct officials instituted by Chief Murray.

But the known facility of vice operators to jackknife back into action keeps the file at about 250.

Brawling, butchery, bordellos, drinking joints and gaming have been and to some extent still are hallmarks of life on Six and One-half Place, which runs from M to N Street.

This is the story of one of the quieter families which, according to police memories, is not troublesome:

A penciled announcement on a window of the two-story row house invites one and all to a Saturday night dance.

The sponsor of the dance is a plump 13-year-old, who had to leave school to have a baby, which duly arrived 4 months ago at Gallinger Hospital.

She has 2 sisters, the eldest 18. They also have one baby each. Head of the household is their 40-year-old mother. Neither the mother nor any of the three daughters has ever had a husband.

Two of the young mothers don't exactly know who the fathers of their children are.

The house has five rooms. It is heated by a wood- and coal-burning stove, also used for cooking; its toilet facilities include a leanto outside in the back yard, and chamber pots for the children at night.

The family tried to combat the rats by wedging pop bottles in the corner rat holes but the rats kept chewing new holes around the bottles. Flat irons on the holes in the middle of the floor were more effective. One recent Saturday night, a rat bit one of the 19-month-old children on both feet while she was asleep upstairs. Since then the landlord has had the rat holes covered with sheet metal.

"The rats around here don't run from you, they walk from you," explains the head of the household.

Three blocks north of Six and One-half Place is Marion Court, inclosed by Marion and Seventh Streets, P and Q Streets.

John (Bull) Leach is in prison and his notorious Marion Court dope pad is empty, but next door life pulses on with renewed vigor.

One family has occupied the 4-room hovel for the past 13 years. The family consists of grandfather, mother, and stepfather, and six children. And a brand-new baby, born within the past 2 months to the oldest child, an 18-year-old girl.

Ill in childhood, the new mother just finished junior high school last year and fully intended to go to high school but, she says, "I was spreading with child and couldn't go on."

She knows the father of the child and had intended to make him help support the offspring but just before she brought the blessed event home from Gallinger, the father got into some kind of trouble and was locked up.

Another of the six children, a teen-age boy, is also being detained at the National Training School for Boys for getting into some kind of trouble.

The baby is bundled in a portable wicker basket on the front-room sofa. The upstairs front room is reserved for grandfather. The new mother and two sisters share the back room, a litter of wrinkled bedclothes and the inevitable bucket for night use.

The regular toilet is out back in the alley, behind four bulging lines of clothes. These are washed by the mother of the house before she leaves in the morning to pursue her career of daywork.

Mother and father, a garage worker, and two boys, sleep on a combination sofa-bed in the downstairs front room. Lighting is by kerosene lamp, heating by coal and wood stove.

In the alleys the dim glare of the infrequent street lights reflects from the fixed bloodshot stares of the cheap drunks in stocking caps and surplus Army khakis, one step or perhaps only a gust of wind removed from those stretched out on the ground, oblivious.

A drunk staggers along Logan Court NW., between L and Pierce, North Capitol and First Streets.

How did he get staggering?

"Had a little wine today."

Ever been locked up?

"Have I ever been locked up?"

Yes, ever been locked up?

"Yeah, I been locked up once."

Only once?

"Once, twice, three times, four times (with a deep throaty chuckle).

Each time the charge was intoxication except once. Once he was caught cooking chicken at a bonfire. It is against the law to build a bonfire in the District. Once he did 10 days for drunkenness. The other times he dried out at the second precinct station.

Ever been cut up? He turns his head and displays a 4-inch vertical scar, straight enough but probably a little too thick to be a surgeon's work.

Once he had some excess hair growth out of a bump on his chin. "I gave my wife my own knife and put my head down on her lap for her to pluck out the hair," he says. "She started crying about me running around with another woman and put that blade to my neck."

"I sure had no business putting my head in her lap," he concludes, letting out that deep whisky chuckle as he stumbles on. He is fortyish, dirty, a part-time construction worker, a long-time drunkard, a common sight in the second precinct.

Complacency about conditions of life in the second precinct is not limited to those in blissful ignorance of these conditions. There is evidence indicating some of those who live in the atmosphere of filth and violence are satisfied with it.

One of these is a 59-year-old coal, wood, and ice dealer who recently moved into the precinct from Shott's Alley SW., that photogenic residential neighborhood which forms a background for the frequent investigators who deplore the slums in the shadow of the Capitol.

The coal, wood, and ice dealer, together with his wife and 5 children born in the last 6 years, now lives in a 6-unit apartment building in Fenton Court NW., with 2 outside toilet for the 6 families.

The walls of the 3 rooms are a dark green, almost black. Gases from the coal stove and kerosene light lamps mingle thickly with cooking smells. Three youngsters sleep in a single bed, in a closet-like bedroom, with the foul night bucket at the head of the bed.

An 8-month-old baby sleeps in a carriage next to the big stove in the crowded kitchen. The other two children sleep with the parents in the big bedroom.

The coal, wood, and ice dealer looks on the march of progress with something less than ecstasy. "These refrigerators are killin' me," he says.

"Next year, they're gonna close all these alleys down and nobody'll want any more coal or wood," he says, referring to the Alley Dwelling Act which bans alley dwelling after July 1, 1955.

Although he sometimes thinks about looking for more liveable accommodations, he is well satisfied with the present state of affairs. The children are healthy, he says, and "I got no complaints."

There is another side to the coin. Precinct officials relate moving stories of tough moral fiber asserting itself against the perpetuation of the community pattern.

Lt. Joseph Shimon recalls the story of the tough young delinquent who was known to have secreted about \$100 garnered in a series of purse snatchings. The boy adamantly refused to reveal the location of his cache.

The boy's father called at the precinct, heard the police evidence, and asked to take his son outside for a few minutes. Shimon noticed the father's belt being unbuckled as they walked down the station corridor.

When they returned, the subdued youngster spewed out his secrets, under the insistent frown of his father.

An old charwoman recently called on Precinct Captain Winters to ask for advice about her children who were getting into trouble. Tearfully she displayed her calloused hands and asked how she could provide a living for her children and keep them under supervision at the same time.

Captain Winters has much sympathy for the woman. There is not much else available.

In the years before the Civil War reaction brought thousands of Negroes streaming into the alleys, portions of what is now the second precinct were places of elegant living.

The three-story Victorian eclectic mansion at Sixth and M Streets NW., which stands out in sharp contrast to the squalor of the alleys behind it, was once the home of banker William Stickney, who served as president of Washington's city council in 1871-74.

Today, with a stell-fresh exterior, the mansion houses the church of Bishop C. M. "Daddy" Grace.

With the quick decay of the alley dwellings came the recurrent movement to improve or outlaw them. In 1892 their disease- and crime-producing potential brought forth a law banning new construction of alley dwellings without plumbing or lighting facilities.

As long ago as 1907, a report on alley dwellings to President Theodore Roosevelt quoted an old woman alley dweller as saying, "Why, my old Marsa wouldn't ha' kep' his horses stabled in such a place."

In 1909 Charles F. Weller, a social worker who lived in an alley for a time to gather material for his book, *Neglected Neighbors*, wrote, "Certainly the fundamental basis of home life, proper marital relations, is not characteristic of Washington's alleys. Perhaps 'immoral' is too strong a word, for many of these delinquents appear to know no better."

And in the first decade of this century, President Theodore Roosevelt's Homes Commission submitted a voluminous report. A caption for a diagram of an alley in what is now the second precinct stated: "The problem is how the policeman on the corner outside can know about and reach men who are fighting or committing any other iniquity inside. It is not yet solved." Monday—assaults and murders.

CRIME-RIDDEN SECOND PRECINCT CROWDS IN 58,000 PERSONS

Key facts about the second precinct—Washington's wickedest

Shape: It is a crude rectangle with a pan-handle at the east end.

Area: Washington's tenderloin covers about one-sixtieth of the city's area, 1.25 out of 68.25 square miles.

Boundaries: K Street NW. is on the south, 15th Street NW. on the west, S Street NW. and Florida Avenue on the north, and Second Street NE., and the Washington Terminal rail yards on the east.

Population: The 1950 census takers found 14,876 whites and 43,974 Negroes living in the precinct.

Schools: Precinct children attend some of the newest schools in the city as well as some of the oldest. Thirteen public schools for Negroes, 1 public school for whites, and 3 parochial schools.

Playgrounds: The children play on nine public recreation areas—six for Negroes, one for whites, and two for all youngsters.

Businesses: A total of 4,900 business licenses were issued in fiscal 1953 within the precinct, more than in any other precinct. Its legitimate businesses include old established furniture merchants, large modern auto agencies, blood and thunder movies, second-hand stores, variety stores, billiard rooms, taverns, and restaurants.

A night's lodging: Hotels within the precinct range from the handsome Hamilton Hotel on K Street, through the big rooming house which used to house dope peddlers and where the manager now keeps a taped billiard cue to maintain order in the dingy rooming houses where anything goes.

Churches: Its churches include the prominent National City Christian and Mount Vernon Place Methodist Churches, Bishop C. M. (Daddy) Grace's church, the huge Immaculate Conception Church and dozens of store-front churches of varying demoninations.

Landmarks: It houses the Central Public Library where New York and Massachusetts Avenues converge, and two of the city's largest markets, the Center City Market at Fifth and K Streets and the O Street Market at Seventh and O Streets.

Alleys: A recent police census recorded the presence of 30 inhabited alleys with approximately 3,700 persons living therein.

History: The precinct received its present boundaries in the late 1930's, after a 1931 consolidation of precincts was found to be unworkable. Under the consolidation, the Second and Eighth were combined and were known as the Second. When the precincts were split up again, the Second was divided into what are now the Second and Thirteenth Precincts.

Crimes reported by precincts from July 1, 1952, to June 30, 1953

	Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
PART I CLASSES															
1. Homicide:															
(a) Murder.....	68	6	19	2	7	5	1	1		6	7		1	9	4
(b) Manslaughter.....	6	1	1							1		1	1	1	
(c) Negligent homicide.....	11	1	2		1	1	2		1	1		1			1
2. Rape.....	148	5	23	10	13	7	3	2		23	22	9	1	10	19
(a) Attempt rape.....	50	5	4	8	2	4	1	1		1	2	3	2	10	7
3. Robbery.....	1,325	110	269	99	60	104	17	15	22	190	121	43	32	166	77
(a) Attempt robbery.....	133	11	28	12	2	14	2	1	2	22	16	5	4	9	5

Footnotes at end of table.

Crimes reported by precincts from July 1, 1952, to June 30, 1953—Continued

	Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
PART 1 CLASSES—continued															
4. Aggravated assault.....	4,598	441	1,503	214	529	317	15	22	19	514	248	69	61	495	151
5. Housebreaking.....	5,040	378	714	335	365	335	147	184	202	559	492	301	248	387	391
(a) Attempt housebreaking ¹	203	20	21	9	17	8	19	9	33	14	10	11	9	16	7
6. Larceny—Theft:															
(a) \$50 and over.....	1,860	390	220	191	90	91	45	65	59	197	112	61	101	155	69
(b) Under \$50 ¹	8,453	1,487	1,076	984	350	343	188	236	442	987	559	297	321	879	298
7. Auto theft.....	2,023	257	230	170	85	168	67	70	72	293	108	105	113	151	134
Total, part 1 classes.....	23,918	3,112	4,110	2,034	1,521	1,397	506	606	854	2,808	1,697	906	894	2,288	1,163
PART 2 CLASSES															
8. Other assaults.....	3	1												2	
(a) Other assaults ¹	2,480	225	408	155	156	237	31	33	29	432	181	110	64	261	157
9. Forgery and counterfeiting.....	491	266	30	48	9	9	12	9	15	26	10	25	11	20	1
10. Embezzlement and fraud.....	393	142	43	36	12	12	10	11	12	45	20	11	17	21	1
(a) Embezzlement and fraud ¹	415	125	25	29	20	18	11	14	23	50	34	17	14	28	1
11. Stolen property (received, etc.).....	47	9	8	4	1	10		1		4	2	4	1	2	1
12. Weapons (carrying and possession) ¹	466	47	134	12	32	23	17	12	4	55	28	18	4	57	23
13. Prostitution.....	33	15	15								1			2	
(a) Prostitution ¹	622	117	329	153	5	1	1		1	2	3			10	
14. Sex offenses (excluding 2 and 13).....	145	12	17	13	15	15	7	5		12	6	12	3	17	11
(a) Sex offenses ¹	274	94	10	91	1	8	11	2	10	7	8	11	11	5	5
15. Offenses against family ¹	28	1	5	1	3	2		1		2	3	4	1	3	2
16. Drug laws.....	1,030	96	553	35	19	35			3	26	78	2	56	127	
(a) Drug laws ¹	19	2	9	3	3					1		1			
17. Liquor laws.....	2									2					
(a) Liquor laws ¹	1,729	230	581	89	131	101		4		164	89	26		286	28
20. Vagrancy ¹	115	26	40	10	7	3	6	2		4			3	13	1
21. Gambling.....	321	76	76	11	12	17	2	2		14	40	4	9	46	12
(a) Gambling ¹	260	66	56	11	11	17		1		21	25	4	8	33	7
26. All other offenses.....	133	18	24	9	4	8	1	6		14	6	23	1	11	8
(a) All other offenses ¹	2,826	237	348	132	224	263	67	42	104	377	178	187	127	264	276
27. Fugitives from justice ²	806														
Total, part 2 classes.....	12,638	1,805	2,711	842	665	779	176	145	201	1,264	712	459	330	1,208	534
Total both classes.....	36,556	4,917	6,821	2,876	2,186	2,176	682	751	1,055	4,072	2,409	1,365	1,224	3,496	1,697

¹ Misdemeanors.² Detective Bureau cases.

NOTE.—Categories 22 through 25 are traffic offenses.

[From the Washington Post of
March 15, 1954]**THE WICKEDEST PRECINCT—SECOND PRECINCT
KILLINGS ROOTED IN SQUALOR**

(Second of a series)

(By S. L. Fishbein)

When one human being kills another, the act ordinarily spreads ripples of interest into the farthest corner of the community.

There are more killings and fewer ripples in the second precinct than anywhere else in the city.

Most of the murders committed in the second precinct do not stir the community into an avid thirst for details and a continuing interest in the subsequent manhunt.

The usual second precinct killing is an eruption of passion rooted in squalor and nurtured by alcohol, gambling, or the possession of a woman.

In fiscal 1953, this type of killing constituted a heavy majority of the 19 murders committed within the precinct.

This was more than one-fourth of the citywide total of 68 murders.

Occasionally, a second precinct murder will have a shock effect on the community.

Such typical examples are the unsolved murders of former Marine William Joseph Lindstedt last December; of soda fountain girl Florence Soriano in November 1952, and of liquor dealer Samuel Cooperman in August 1951.

And the more usual second precinct-style killings are not confined to the precinct boundaries.

Such circumstances make it hazardous for a citizen to walk some of the streets and most of the 30 inhabited alleys of the second precinct on a weekend night.

Such circumstances were present not only in a majority of precinct murders, but in most of the 1,503 aggravated assaults that occurred in the precinct in fiscal 1953. The precinct chalked up one-fourth of the city's total of 4,598 aggravated assaults.

From the throbbing streets and the dim, garbage-strewn, rat-infested alleys comes

the orgy of violence, powered by the knife, the fist, and the gun.

The act performed, the victim is duly removed to the hospital or the morgue and the police move in. The case, as a rule, is quickly solved, and nobody pays much attention until the annual statistical report is compiled. Then Washington is shocked to discover so much murder and aggravated assault committed within its boundaries.

There were 10 homicides in the precinct from July 1 to September 17, last year, a bulky contribution to the statistical report that will set the city buzzing at the conclusion of the current fiscal year.

One of these, ironically, was committed unintentionally and with reluctance by a man who says he has been striving to cleanse some of the vice and cool the passions that loom so large behind the annual statistics.

He is the Reverend Genora Augustus Taylor, 44, a Baptist minister who until recently preached to a small congregation in a one-time pawnshop in the 1200 block of Sixth Street.

Ever since building inspectors closed his church because it had only one restroom, Mr. Taylor says, he has been preaching wherever he can. He says he has also tried to spread his message informally at an all-night restaurant at 1213 Seventh Street NW., which he partly owns.

FIGHT WITH GIRL FRIEND

In the late night hours, the 1200 block of Seventh Street, is a gathering place of streetwalkers, dope addicts, sidewalk drunks, and brawlers. On the Second Precinct wall map the block has a thick cluster of green tacks, which stand for aggravated assaults.

"I hoped to be able to convert a lot of these people," Mr. Taylor said recently, "but I haven't been able to do much—seems like the people around here are too far gone."

He has got some "rough drinkers, 2 or 3 hustlers, and 1 dope addict to go to church," but, he added, "I never have got any of them turned completely around."

Last September, Mr. Taylor killed one of his best prospects. The victim was one

Romeo McKinney, a brawler of some repute and a known police character.

"I made him promise to go to church and it was said that I could do more with him than anybody else," Mr. Taylor said.

On the night of the incident, McKinney got into a fracas with his girl at Mr. Taylor's restaurant. McKinney stabbed her, threw a seat at her and continued to beat her when the minister intervened.

"I tried to quiet him, but that was one time he wouldn't listen to me," said Mr. Taylor.

Finally, the minister drew a .32-caliber pistol from under the counter and fired.

"I intended to hit him in the fleshy part of the leg," said Mr. Taylor. The bullet hit much higher than that—in the left side of the chest, killing McKinney.

DICE GAME MURDER

The following morning, a coroner's jury declared it a case of justifiable homicide and Mr. Taylor was back at his restaurant the same night.

Other attempts at conversion have him thoroughly disillusioned, he said.

Street women, wine drinkers, and dope addicts have told him they would like to live decently if they could find regular work.

A few of them have actually taken jobs at the restaurant. In each case, he says, "the first few dollars they'd take in, they'd put in their pockets and go out looking for wine or dope."

Here is another Second Precinct-style killing, this time a dice-game blowup over a bottle of liquor:

Last July 7, bootlegger, numbers man, Jesse Battles, 41, got into an argument over a bottle during a dice game operated by Wilbert L. Jackson, 46, in an alley near Battles' home at 441 Neal Place NW.

Battles drew a gun and started shooting.

Jackson took a fatal wound in the abdomen and a 7-year-old girl was wounded in the head. Jackson was trying to stop the fight, police said. Battles' opponent ran off unscathed. Battles was sentenced to 5 to 15 years for manslaughter.

On July 18, another bottle of whisky made another statistic.

Viola Dobson, 40, tried to separate her boyfriend and Rayfield Carter, 51, who were feuding over a bottle at their residence at 468 N Street NW. Carter wielded a butcher knife. The knife slashed through the woman's neck and lung. Carter was sentenced to 5 to 15 years for manslaughter.

And on January 5 of this year, a man was fatally wounded in the Second Precinct in an argument over four eggs.

James Mondine, 48, listed on police records as living at 6 Wiley Court NW., said he and his nextdoor neighbor, Lonzo Dancy, 45, were fellow pushcart peddlers and good friends. They shared meals together.

On January 5, Mondine said, he took six eggs, and a fifth of wine over to his friend's place. They had some wine. Mondine left and returned shortly to find four eggs missing.

Mondine told police he called his friend to answer for the eggs. They scrapped.

Dancy was stabbed by a pair of scissors. He died February 8. Mondine was held for the action of the grand jury.

Who remembers Jackson, Dobson, or Dancy?

The annual police statistics will.

CITY DRIVES TO CONDEMN 150 SLUM DWELLINGS—OFFICIALS FOCUS CLEANUP CAMPAIGN ON 1-BLOCK AREA IN SECOND PRECINCT

(By Don Olesen)

The District, through its Board for Condemnation of Insanitary Buildings, has launched a crackdown on slum housing in a one-block area in northeast Washington.

The board put its spotlight on an area bounded by North Capitol, L, K, and First Streets NE., which is bisected by Fenton Place, according to Assistant Engineer Commissioner Giles L. Evans, Jr.

This is in the second police precinct, the city's so-called wickedest precinct.

Colonel Evans, acting director of licenses and inspections, said notices already have been sent to about 100 property owners to show cause why their buildings should not be condemned.

Fifty more notices remain to be sent out before the concentrated campaign ends in several weeks, Evans declared.

The move marks the first time the District has used this block approach to poor housing since officials sparked a new slum rehabilitation drive here last fall.

For the past several months, 2 additional inspectors have been assigned to work on board condemnation cases, making a total of 5 inspectors, Evans pointed out.

This, plus the fact that inspectors gave first priority to the block instead of making as many scattered inspections throughout the city, brought about the crackdown.

Houses within the block were "so insanitary as to constitute a menace" to health, Evans said. "The problem couldn't be handled by cleaning them up—floors and joists were rotted, walls were cracked."

After getting notices, dwelling owners must either agree to rehabilitate the buildings to satisfy inspectors or have them vacated. Owners are entitled to a board hearing if they ask it.

Evans said officials already have picked out another "key block," this one in Northwest Washington, in which to enforce all ordinances relating to housing. He declined to name it until details are completed.

The block-by-block enforcement technique has been advocated by G. Yates Cook, National Home Builders Association rehabilitation director. He's in town this month to urge citizens to do something about slums.

Evans' office now is hard at work on a uniform city housing code as another approach to the problem. Cook also has advocated this step.

[From the Washington Post of March 16, 1954]

THE WICKEDEST PRECINCT—No. 2 IS CITY'S WORST FOR OPEN PROSTITUTION

(Third of a series)

(By S. L. Fishbein)

The world's oldest profession has its Washington headquarters in the second precinct.

No rows of gaudy bawdy houses fitted out for elaborate revelries adorn the city's red-light district.

The traffic consists of a flock of women eddying through the streets, working in their homes or in rooming houses throughout the neighborhood.

One second-precinct vice detective recalls being offered a prostitute's favors in an alley.

Lt. Joseph Shimon, the precinct's chief of detectives, says recent police crackdowns have cut down by half the practicing prostitutes in the precinct. This still leaves about 200 Shimon says. Almost all of them are Negro women, precinct officials report.

The precinct prostitutes during the last fiscal year accounted for more than half the 655 prostitution violations reported throughout the city.

This was only one of the distinctions achieved by the precinct—Washington's wickedest—in the annual police report. The second precinct also led in murders, aggravated assaults, robberies, housebreakings, and liquor and drug cases.

Their pitch keyed to the phrase, "Sportin', honey?", women for hire mill about in the night glare of the store fronts of the 1200 block of 7th Street, and in the 600 block of O Street NW.

The 600 block of O Street borders the square which contains the venereal disease clinic at the Polk Health Center and the site for the new Shaw Junior High School.

In the 1500 block of Seventh Street, they hawk their wares in the taverns and restaurants and consummate the contracts in big rooming houses nearby.

The streetwalkers, when the deal is made, adjourn to their own rooms or, when the heat is on, retreat to previously prepared hideouts rented by the prostitutes.

In the 1100 block of Seventh Street, a veteran of 7 years "in the life" lives and operates in a 2-room coldwater flat above a store. The littered entrance stairway provided ample hints about the activities upstairs one recent afternoon.

She is 24 years old and has 5 daughters, the middle 3 being the fruits of her profession. The oldest, a 10-year-old, and the youngest, a year-old infant, were the results of "running around."

Two of the older girls are farmed out with friends. Of the three remaining, the infant has a crib in the kitchen, the other 2 sleep on a hallway cot within a few feet of the bedroom.

She receives the going rate—"5 and 2"—\$5 for the prostitute and \$2 for the room. Since she operates in her own home, she gets to keep the \$2 also. She will "turn 5 or 6 tricks" on an average working night.

She ran away from home in her early teens, was sent to the National Training School, and started in the life immediately upon leaving the school.

Her path was well-trodden, she insists. "For a lot of girls, their first stop out of the training school is the street"—the 1200 block of Seventh Street.

She has worked on 7th Street, 8th Street, 9th Street, 10th Street, and 11th Street. She has been "busted" (arrested) six times for soliciting and has served sentences ranging

from 3 to 6 months. She is currently awaiting trial again.

Why does she continue in the life? She answers with two questions: Who would look after the kids? Where could she make enough money to support five children?

The economic trend of the past year may make an honest woman out of another denizen of "the street."

Now 22, she has been at it for a year. During her brief career she has paid a \$25 fine for soliciting and been charged with dope peddling. Trial is pending on the dope charge.

Since the dope case came up, she had to find a legitimate job because her bondsman wouldn't supply bond if she continued "hustling." So she's currently a sandwich-and-salad girl at a restaurant in the daytime.

Another condition of her bond was to quit living with her boy friend and return to her parents' home in northeast Washington.

Her boy friend used to act as her protector—"sometimes a man gets nasty and wants his money back."

Her parents do not definitely know of her nightly activities. "But when I stay out all night and come home in the morning just to change my clothes and go to work, mother knows something's going on," she says.

She has earned as much as \$190 in one night and her biggest single fee was \$75, for an all-night "trick," she told a reporter recently.

She visits her doctor weekly and is particular about her customers. "I don't go with just any man," she says.

She estimates that about half her customers are white men, including a good sprinkling of servicemen.

The current economic situation, however, is giving her serious second thoughts about her profession. "Everybody's complaining about the prices nowadays," she reports. "They say they just can't afford to pay. I think I'm going to get out of this life."

There is nothing to prevent the prices from dropping and one prostitute's economic misgivings provide small solace for a community beset by a vice which breeds disease and moral degradation, unwanted children and the progressive decay of its practitioners.

Continuous baiting by both precinct and headquarters undercover men, combined with stiffer jail sentences at court, have put a fear into the prostitutes which was unknown until recently.

Major police efforts against dope and illegal whisky rings have inevitably depleted the ranks of the streetwalkers who, like many a shrewd business entrepreneur, often diversify their interests.

But it is still true in the second precinct that women are available in greater profusion than anywhere else in the city.

SECOND PRECINCT SERIES CITED BY SENATOR—PAYNE SAYS SLUM SITUATION HERE IS A DISGRACE

Senator FREDRICK G. PAYNE, Republican, Maine, said yesterday that second precinct slum conditions depicted in the opening article of the Washington Post's series on the Wickedest Precinct, were about as bad as could possibly exist anywhere.

PAYNE's remarks were made during a Banking and Currency Committee hearing on the administration housing bill.

He asked that the article which appeared in Sunday's Post, be made a part of the hearing record.

The Senator said the article "has to do with an area of this very community, the Capital of the Nation—with regard to the type of housing situation that is confronting a great many people who, apparently from an economic standpoint, live in what

I would call about as bad a slum situation as could possibly exist anywhere."

"Now my question is," he said, "what are we going to do about that sort of situation?"

"They are human * * * they have to be taken care of and it is a disgrace, I think, for that sort of thing to be right in the shadow of the Nation's Capitol."

When the committee witness, Norman B. Mason, of the United States Chamber of Commerce, said it was up to local authorities here to clear slums, PAYNE said:

"Well, the Congress of the United States happens to have the only authority because the people in this community have no vote in their own right."

"They have no right or method by which they can even set forth their own thoughts except through their Board of Commissioners who are responsible to the Congress."

DONOHUE CITES HOUSING EVIL IN SECOND PRECINCT

F. Joseph Donohue, former District Commissioner, last night cited slum housing conditions as a major factor in making the second precinct the wickedest in Washington.

In his weekly District affairs commentary over station WWDC, Donohue praised Reporter S. L. Fishbein's current stories on the wickedest precinct in the Washington Post.

"The Post story on the wickedest precinct in the city will be a revelation to a lot of people," Donohue declared. "How much worse will it get before an aroused community does something about it?"

Weeks of fact-gathering went into preparation of the series, disclosing the extent of vice, destitution, and disease in the area comprising 1½ miles near the heart of Washington.

Donohue blamed bad housing as the chief factor responsible for crime in the Second Precinct. "The tenants obviously can't or won't do anything about the conditions of the houses in which they live," he said. "Maybe they can be condemned by the District. But I often wonder why the owners don't do something about them."

SIX ARRESTED IN SECOND PRECINCT LIQUOR RAIDS

Corn whisky, quality bourbon, in the Second Precinct Sunday and cheap wine were on sale detectives reported yesterday.

Working with 2 undercover men, Detectives L. V. Denny and C. L. Eilert arrested 6 persons on charges of keeping and selling liquor without a license.

Denny said the largest haul was made in Logan Court where police confiscated half a gallon of corn whisky, 24 half pints of whisky, and a quantity of wine.

Denny said, an undercover man made a purchase from Mrs. Rose M. Simms, 33, at 42 Logan Court NW.

A man identified as William A. Simms, 42 of 1 Logan Court, then went to the home of his mother, Mrs. Florence Brooks, 58, at 78 Logan Court, and returned with a half gallon of corn whisky, according to Denny.

The detective said 15 other persons were arrested at the Logan Court addresses but were cleared of any connection with the liquor sales.

Denny said keeping and selling charges were placed against James E. Johnson, 37, and Mrs. Frances Fryer, 33, after an undercover man bought a fifth of wine for 75 cents from Johnson at 469 M Street NW. Marked money was recovered from Mrs. Fryer, Denny reported.

Another undercover man, police said, bought a half pint of quality bourbon from Miss Josephine Bryant, 36, at 1109 N Street NW.

She was charged with keeping and selling and with possession of numbers slips which, police said, were found in her purse.

Also in the second precinct a 39-year-old woman was knocked to the ground and robbed of \$140 by 3 teenage youths last night.

Police said Mrs. Ida Ehrlich, of 760 Princeton Place NW., owner of the L Street Supermarket, 95 L Street NW., told them she was grabbed from behind while walking on L Street near the store. She described them as young Negroes and said they fled in an alley beside 201 L Street.

[From the Washington Post of March 17, 1954]

THE WICKEDEST PRECINCT—ILLEGAL LIQUOR SALES AN INDUSTRY IN NO. 2

(Fourth of a series)

(By S. L. Fishbein)

What'll you have?

Wine, beer, whisky?

You can get one or all of your favorite beverages at one of the 206 licensed establishments spotted around the second precinct.

Or you can get the "taste," as the precinct characters call it, from a furtive curbside bootlegger after legal selling hours in the 400 block of Neal place, at 5th and O Streets, at 14th and T Streets, or 14th and Corcoran Streets.

Corn whisky, "smoke"?

You can buy denatured alcohol and cut it with water and you'll have "smoke" and end up in an alley with glazed eyeballs. In the second precinct you'll have lots of company.

Or you can visit one of the number of "gill joints" in the precinct and buy bootleg corn whisky by the drink and see it poured from bottles with labels of distinction.

In the second precinct you can quench your thirst just as you can get a woman or get your throat cut, easier than in any other precinct in the city. More than a third of the 1,729 liquor-law violations reported in Washington in fiscal 1953 were listed as second precinct cases.

These are cases that often provide the active ingredient in a witches' brew from which are distilled some of the other statistics that give the precinct its notorious reputation.

It's not unusual to find a gill joint equipped with prostitutes in the drinking room downstairs and rooms for assignation upstairs. The second precinct is the leading habitat for prostitutes in the city.

There were 7,031 drunks rounded up in the precinct in fiscal 1953, placing it second only to the first precinct.

It's impossible to state exactly what part corn, "smoke," or "sneaky pete" will play in the bloody melees that occur more frequently in the second precinct than in any other. Police officials unanimously agree that they play very important roles.

In Glicks Alley, the drunks gather day and night. Their bonfire glows so often, beat policemen jokingly refer to it as the "eternal flame."

School children see the sights as they go through the alley to Shaw Junior High School at Seventh Street and Rhode Island Avenue NW., despite continued efforts by school officials to steer the youngsters to other routes.

In Glicks Alley a floating gill joint operates 16 hours a day in 2 houses that look like any other from the street.

At 2 p. m. the joint begins jumping in one of the dingy hovels near the south end of the alley located between Sixth and Seventh Streets, Rhode Island Avenue, and S Street.

On a recent weekday evening, just about dinnertime, 15 Negroes and 1 white man were packed into the 2 downstairs rooms, "socializing" and swilling corn whisky.

They paid 15 cents for a small glass, 25 cents for a large glass. Both sizes had thick bottoms. The spares were neatly arrayed on

a kitchen table, next to a pot of water used to wash the glasses.

Kerosene lamps provided light, a coal-and-wood stove provided warmth, and the rest-rooms were in the backyard. The patrons drank, smoked, chatted quietly, or lay crumpled in the dark extremities of the room.

FLOATING OPERATION

The barmaid in charge, age 23, said she didn't know the details of the operation, because she stayed drunk most of the time.

Others close to the "house" volunteered bits of information. Every other day a man drives up in a car and delivers a case of 12 half-gallon mason jars of bootleg corn whisky. The price to the house is \$5 a jar.

At 10 p. m., the operation folds at this place and floats to another house up the alley. There it continues until about 6 a. m. The floating feature is to protect the operation from police raids.

If the police move in, they don't catch the woman backer of the joint. Customarily, she remains in a house away from the action.

The barmaid's sister sat dreamy-eyed during the interview. Did she take dope, a reporter asked. She replied with an emphatic no. "Drinking's bad enough," she said.

The house is quite meticulous about that. There is a strict ban against anyone "on the stuff."

"FOOD FOR SALE"

In another house in the 600 block of S Street NW., a big commercial jukebox added color and rhythm to the bare walls and shabby parlor furnishings.

Eleven women milled about in an animated cluster. A visiting second precinct vice detective said that all 11 were available for a trip upstairs at a price.

The place is a known gill joint and hive for prostitutes. In the back room, the maitre d' relaxed, exuding an air of prosperity with his good-looking gabardine trenchcoat and jeweled wristwatch. A sign on the wall offered fried chicken and potato salad for \$1, chitterlings for 80 cents, and chili con carne for 50 cents.

Curbside peddlers find things a little more risky, but it doesn't stop them.

It is a cold Friday night in February. In the 400 block of Neal Place NW., a cab slows down and a man sticks his head into the cab.

The man takes one look and says, "I don't have a thing, mister," and walks off.

"I arrested him once—he recognized me," the undercover detective in the cab says dejectedly.

The cab grinds slowly toward the corner of Fifth Street and Neal Place, the hub of curbside whisky peddling in Washington.

A young man in a bebop cap approaches. "How many you want?" he asks.

"Give me a half pint," replies the undercover man. The policeman clutches two dollar bills whose numbers were carefully recorded at the station to mark them as evidence.

The bills will barely pay for a half pint of whisky in a market where cheap wine goes for 50 cents a pint, beer for as high as 40 cents a can and 100-proof whisky for as high as \$2.50 a half-pint. The half pint would cost about a dollar less in a licensed store during legal selling hours.

The peddler hurries off to fill the order and the officers sits tensely waiting.

From down the street the once-bitten peddler lets out a warning whistle, making the youth in the bebop cap shy.

No sale. No arrest. The cab drives off. It's business as usual on Neal place again.

SERIES ON PRECINCT 2 APPLAUDED BY CITIZENS

The Central Northwest Citizens Association last night commended the Washington Post for the current series on the crime-

ridden Second Precinct, "The Wickedest Precinct."

Members, many of whom live in the precinct, welcomed this newspaper's efforts to spotlight and eradicate crime conditions and deplorable housing. They offered their co-operation to city officials in future clean-up efforts.

The group recommended that United States Attorney Leo A. Rover be permitted to appeal to the chief judge of appeal the Municipal Court of Appeals in any dispute with Juvenile Court Judge Edith H. Cockrill over turning over a juvenile to an adult court. Addition of a second juvenile court judge also was urged.

The East Central Civic Association last night praised the Second Precinct series and declared the publicity should help stamp out crime in the area.

"We've been fighting this for a long time," Frank D. McKinney, association president declared, "but it has been like fighting a four-alarm fire with a hand-extinguisher. We hope, with an aroused citizenry and an enlightened Congress, we may get the relief which we have sought."

FIVE SAVED IN GLICK'S ALLEY FIRE

Firemen rescued five persons from a blaze that wrecked the rear of 1719½ Marion Court NW., commonly known as Glick's Alley in the second precinct last night.

The occupants escaped from a second-floor window down a fire department ladder.

O. J. C. Barnes, 33, occupant of the building and one of those rescued, told police the building is owned by Bishop "Daddy" Grace.

Treated for burns at Freedmens Hospital and released were Lucile Brown, 38, of 1801 Wiltberger Street NW.; Rose Marie Merkeron, 33, of 16 Adams Street NW.; Marie Brown, 44 of 1723 5th Street NW.; and Rachael Berry, 50, address unknown.

A sixth person, Ernest Harris, 47, of no fixed address, was found by police wandering nearby with burns on his hands and arms. He was also treated and released at Freedmens.

Firemen were unable to determine the cause of the fire.

TWO HOUSEBREAKINGS REPORTED IN NO. 2

Two housebreakings—one yielding 15 dozen eggs from a church cafeteria—were reported in the second precinct last night by police.

Police said the study of the Hope Baptist Church, at 1217 5th Street NW., was apparently entered with a duplicate key. Thieves got nothing after ransacking the study and forcing open 12 lockers, but they went next door to the church cafeteria and carted off the eggs.

Lucille L. Johnson, of 1438 S Street NW., told police she surprised 2 men on the first floor of her home about 4:30 p. m. yesterday. They ran out the back door after taking \$35 from a table in the front hall.

[From the Washington Post and Times-Herald of March 18, 1954]

THE WICKEDEST PRECINCT—IN SECOND PRECINCT, IT'S NEVER QUIET ON SATURDAY NIGHTS

(Fifth of a series)

(By S. L. Fishbein)

There was a late burst of theater traffic like the last toss of a restless baby and the city slowly settled down to sleep off Saturday night.

Washington was very cold and in the second precinct it was unusually quiet—for the second precinct.

The temperature was 32 and it drove the hipsters off the streets into the all-night restaurants where their shadows were fuzzy against the steamy windows.

On this Saturday night it was almost too cold for the hesitant stroll and the cautious stare that marks the women of the evening.

A few of the hardest—or the hungriest—were out. A few drunks fell in love with lamp poles. But on the whole it was a dull night for the precinct that is the city's bellwether of crime.

Dull only in the precinct where Saturday night cuttings and yoke jobs are routine, and where homicides, assaults, and robberies bulge the city's crime incidence out of all proportion to its population.

Scout 21, one of the two precinct radio patrol cars, heard its call some 25 times between 4 p. m. and midnight, but it was all small stuff.

Small but unmistakably second precinct stuff.

"Scout 21, they're fighting."

"Transport a drunk."

"Investigate the need of an ambulance."

"Take a pocketbook snatching."

At 10:17 p. m., just after a reporter joined the scout car, it was disorderly men in the 1100 block of 4th Street.

The old wooden house was quiet when Pvts. Henry J. Perkoski and William B. Corcoran pulled up. Eight men and women in one room, two men on a tattered mattress covering most of the floor space; everyone obviously simmered down in anticipation of the official visit.

Five stumbled out into the dark, smelly hall as the police emptied the room of everyone but the people who lived there.

At 10:25 someone wanted an ambulance in the 700 block of Rhode Island Avenue NW. There was none available. Perkoski and Corcoran had to find out how badly one was needed. Not badly. An old woman with stomach cramps.

At 10:38 there was a gas leak in a basement in the 1400 block of 10th Street. At 10:56 a patrol through Fenton Court and Logan Court at the east end of the precinct found the inhabitants going down the alleys with firm steps. It was early.

At 11:08 a fast-moving gang of hoodlums heaved a rock through a ground-floor window in the 1400 block of Columbia Street. By the time scout 21 arrived, a few minutes later, the culprits were swallowed up in the alleys. The complainants were a party of 16 shoehorned into 1 room, sprawled over 2 beds and entertained by a stack of records about 8 inches wide.

At 11:20 p. m., the beat men at 7th and L NW., turned over a drunk and his penknife for conveyance to the precinct cell block. The drunk flopped in and the cheap wine smell made the freezing outside air welcome.

The drunk had 27 cellmates propped vertically, horizontally, and cater-corner in the 10 small cells. They wanted cigarettes. They wanted water. They wanted out.

At midnight, two clean-cut young men piled into scout 22, assigned to patrol the west side of the precinct from 7th Street to 15th Street, and be ready to answer any call from the dispatcher.

They were Pvts. William Trussell, 5 years on the force, and Daniel Klein, 2 years on the force. Veterans of the Navy, they talked Navy talk and compared the growing pains of their wisdom teeth as the dilapidated machine began its first go-round.

Four minutes after their tour started, they were in business. A haggard cab driver flagged them down at Ninth and P Streets NW. He couldn't shake his cab free of an abusive woman passenger.

The transfer from cab to scout car was accomplished in due time and the air in scout 22 took on an alcoholic tinge. The drunk babbled about the gift of God and mother's milk. She was deposited at the Women's Bureau.

At 12:40 a. m. there was a fight in the 800 block of L Street. The complainant had

been dragged over a banister by a neighbor. "That's simple assault," Trussell said. "Go down to Municipal Court Monday and swear out a warrant."

At 1:25 there was another fight in the 1500 block of 12th Street. A 1-punch affair. The lady of the house was wearing a gigantic mouse over her left eye.

Her estranged husband had dropped around earlier in the evening and took a slow burn when he found his wife and baby out. He stayed around until they returned. The baby relaxed with a bottle as mother and father fought for the sympathy of the law. Mother won. Father was ordered out and told to sober up.

Family argument, was the report back to the radio dispatcher.

At about 2 a. m., the scout car was marking time at Massachusetts Avenue when a big black sedan broke from a cluster of autos on 13th Street, ran a red light at Massachusetts, another at M Street, turned east on N and south on 12th Street, which is a one-way street heading north. The scout caught up in an alley near 13th Street.

At the precinct station the driver was identified as Albert V. Black, 42, of Luray, Va. He had read in the Washington papers Saturday that a friend of his, William W. Hill, was charged with stabbing a woman 33 times. He thought he might be of some service to his friend. And here he was.

There were now some 35 drunks sleeping, moaning, smoking it off in the cell block. At the front counter a powerfully built construction worker wanted to make a complaint against his wife and stripped down to his waist to show why.

Shiny red ribbons in parallel lines crisscrossed his back and chest. His wife had taken a fork to him during a family quarrel, he complained.

This was a quiet Saturday night in the second precinct.

[From the Washington Post and Times-Herald of March 19, 1954]

THE WICKEDEST PRECINCT—DOPE SOLD ON STREET IN SECOND PRECINCT

(Sixth of a series)

(By S. L. Fishbein)

The one-time wide open dope and gambling franchises in the second precinct are underground again.

Police and dope racketeers both report that the old style dope pad or "take off point" or "shooting gallery" is for the most part passe.

And ranking precinct officials boldly challenge anyone to find a big-time numbers headquarters in what is still admittedly a remunerative lottery territory.

More than half the 1,049 drug law violations reported in Washington in the fiscal year ending June 30, 1953, were second precinct cases.

Since then, according to the police narcotics squad, the peddlers have been drifting to other areas under the insistent hounding by narcotics men.

The narcotics squad has fought its way back into public confidence after a sensational scandal in 1952 brought about the indictment of its two top officials on charges of protecting the dope racket here.

The hopeless wretches, whose addiction to heroin makes them vitally interested in every deviation of the market, agree that the old traffic is using new avenues.

One of those who agree is the 38-year-old grandmother whose flabby limbs are pockmarked, wrist to shoulder and calf to thigh, with the gruesome lesions acquired in 18 years of "shooting up."

She uses 25 to 30 capsules of heroin mixture a day. It no longer gives her a thrill. "I shoot to keep from being sick," she said.

In the past 3 years she has worked legitimately for a year: 3 months as a hospital cleaner, 9 months in general housework.

The rest of her working time has been occupied as department store shoplifter, dope peddler, and prostitute on 7th Street, O Street, and 11th Street in the 2d precinct. She lives just north of the precinct and it was there early this month that she was arrested on dope-peddling charges.

THE CURE DIDN'T TAKE

She took the cure at the Federal hospital at Lexington in 1945 but she explains, "When you once been on the stuff and come off it, it leaves you nervous—you try whiskey and you get sick of it and you go back to drugs." She went back to drugs a month after leaving the hospital.

She has two grandchildren. Her daughter is a dope addict currently in jail for dope peddling and her son-in-law also is an addict.

Although it was unseasonably warm the day she spoke to a reporter she wore a heavy coat. The hot and cold spells, cramps, and leg pains were starting, she explained.

The old dope pads where the addicts gathered and took the needle and lazed about in their drowsy reveries together are gone, she says.

Now "it's pick up and run" on the street, she says. The street changes and she keeps in touch with the sources of supply by telephone and the addict grapevine. "The law's tightened down," she says.

Although tests have revealed that the heroin mixtures seized recently by police are stronger, prices have been steady for the past 5 years: \$1.25 to \$1.75 a capsule retail. A sucker or square may pay as high as \$2.50.

THE TRAFFIC SHIFTS

Early in 1953, after the dismemberment of the gigantic Catfish Turner syndicate, which concentrated in the vicinity of Seventh and T Streets NW., the focal point of the dope traffic moved to Ninth Street, for years a favorite parade ground for the addict hordes.

A concentrated police effort last year, according to Narcotics Squad Sgt. Joseph Gabrys, closed down a half-dozen pads in the vicinity of Ninth and M Streets, as well as other nests in two famous Second Precinct trouble zones, 6½ Place and Freedmans Court.

Then the street-hopping started, southwest to the fourth precinct, north to the thirteenth and tenth precincts.

Recently there have been rumbles again about activity in the second precinct, at Ninth and M Streets, and Seventh and N Streets, according to Narcotics Squad Capt. Howard F. Mowry.

The activity largely involves street sales to "go-fers," addicts who will "go for" some dope for a buyer for the privilege of keeping some of what they go for.

Captain Mowry says the second precinct will remain active as a dope market as long as prostitutes work its streets, since many prostitutes are addicts.

But in the current fiscal year, Mowry predicts that the drug violations statistics will be more evenly distributed among the second, thirteenth, tenth, and fourth precincts.

The gambling picture in the second precinct has also changed in the last few years.

The precinct was spotlighted as a major gaming territory by two sensational exposes in 1948-49 and 1952, both accompanied by violent police department shakeups.

The first was United States Attorney George Morris Fay's 18-month grand jury investigation of gambling.

It revealed Thomas Circle as a nerve center of gambling and whisky peddling, the domain of one Attilio Acalotti.

Newsvender, numbers-writing associate of William (Snags) Lewis, and tough guy, Acalotti called himself the mayor of Thomas Circle.

He was cooled off by jail sentences for running a lottery and for threatening to bash in the face of his former girl, Bernice

Franklin, a red-haired waitress who told all to the Government.

The grand jury probe was followed on New Years Day, 1950, by one of the largest shakeups in the history of the Metropolitan Police, the most violent occurring in the second precinct which saw its captain and 30 men transferred.

In 1952 the Senate District Crime Subcommittee delved into the mysterious 1948 shooting at the old Brass Rail Grill, Seventh and S Streets NW. The subcommittee heard a witness testify that the shooting was the culmination of a gang war involving numbers territories.

A retired detective also told the subcommittee that he heard "Big Shot Numbers Man" Roger (Whitetop) Simkins bragging at the Brass Rail about his free-wheeling numbers operations.

The 8-month Senate probe was accompanied by a change in the top command of the Police Department.

Acalotti and Snags Lewis have been in and out of jail.

And, according to Lt. Joseph Shimon, the second precinct no longer harbors gaming headquarters, establishments with telephones, adding machines, tote boards, coin wrappers, and other paraphernalia.

[From the Washington Post and Times-Herald of March 20, 1954]

THE WICKEDEST PRECINCT—POLICE WORK TOUGH IN SECOND PRECINCT

(Seventh of a series)

(By S. L. Fishbein)

There are no green pastures for policemen in the second precinct, the most crime-ridden in Washington.

"When you come here to police, you police 8 hours a day," says Capt. John E. Winters, who has spent the last 2½ of his 23 years on the force fighting the grueling battle against crime in the second precinct.

"We're not 100 percent perfect," says Winters of himself and his 141 policemen assigned to cover the 1¼-mile area in which more murders, robberies, assaults, liquor and prostitution violations occur annually than anywhere else in Washington.

"But I know one thing," adds the captain, "we try."

"The men don't complain about extra duty," he said recently. "Often they'll volunteer to work extra time to stay with a case. They know there's a job to do and they go out and do it."

Winters was referring to his uniformed men. The 16 plainclothesmen assigned to the precinct are expected to work on a case as long as they're needed.

Winters strongly believes in the law enforcement axiom which holds that the foot patrolman is the greatest deterrent to crime there is.

In line with this axiom the second precinct is authorized to post 2 patrolmen on each of its 10 beats during all 3 8-hour shifts in an effort to cope with the vast amount of crime which may be expected there each year.

Some beats in the precinct are considered unsafe for a uniformed policeman walking alone.

Posting a double patrol requires 20 men for each 8-hour shift. Captain Winters is able to muster an average of 12 men, so the more peaceful borderline beats get only one man each.

This is still a great improvement. "When I first came here 2½ years ago, there were some days when we couldn't find more than 4 or 5 men to put on the streets," says Winters. To achieve the optimum number of 20 would require an additional 40 patrolmen.

The city's crime jungle multiplies police problems in various ways.

How much time shall the patrolman spend following known prostitutes or rounding up

alley drunks or stopping alley knife fights?

And how much time shall he spend making his presence felt on the streets protecting the lives of honest merchants and citizens? Captain Winters feels his prime target is the thug who preys primarily on the innocent victim.

"Sure, those 1,500 aggravated assaults we had in the last fiscal year look bad in the statistics—and they are bad," he says. "But so many of those assaults are committed during an argument in the heat of passion with maybe a little Sneaky Pete thrown in—there's nothing in the world a policeman can do to prevent those."

Captain Winters said he'd like it made clear that the second precinct situation is what it is not simply because of the fact that the precinct population is largely Negro.

"Anytime you have a concentration of people you're bound to have trouble—no matter who they are," he says.

He has found decent, hard-working, respectable people in the very worst of the alley slums as well as in the more habitable sections of the precinct.

He has found them shackled to their misery by lack of education and skill and family situations over which they have no control.

And he has found others who frankly don't care to improve their lives even when the means are available.

Like the street loafers who coagulate in pestiferous knots on street corners day and night throughout the precinct.

Before the employment situation tightened here, Winters says, there were long lists of jobs for unskilled workers available at the United States Employment Service at Fifth and K Streets NW.

"When we asked these guys standing around outside why they didn't go in and apply," he adds, "we found they didn't want steady work."

"They waited around for trucks that would drive by looking for men for a few hours' work and they made sure no social security or withholding tax would be deducted."

Winters sees no hope for these people and, indeed, sees no hope for their offspring "unless we can get the kids out of these alleys and slums and that atmosphere."

A police captain can't control the atmosphere in his precinct, but where he can act, Winters says, he will act.

"There's not a dope pad in this precinct and I defy anyone to find a numbers headquarters here," he said recently, adding: "Show me one and I'll break the door down myself and let the district attorney worry about the law later."

Winters is cautiously optimistic about other areas of crime in which his precinct is the annual leader. The increased police availability made possible last July by the law providing extra appropriations to pay policemen for a sixth day's work each week has made crime somewhat more hazardous in the second precinct as it has throughout the city generally.

Captain Winters said he's sure the improved statistical picture already noticeable in citywide statistics for the current fiscal year will hold true in his precinct as well when the full year's figures are in.

"It's a tough one," says the captain of his precinct, "but we try to train a man to stay cool, use tact, and get used to the pace."

"Once in awhile we get a hothead but that stuff doesn't go around here and when we find out about it, we act fast," he adds.

For the most part, Winters is satisfied that the training sinks in.

PAYNE URGES SECOND PRECINCT REDEVELOPMENT

Senator FREDERICK G. PAYNE, Republican, of Maine, Friday pressed for housing rede-

velopment in the second precinct to improve conditions in "the wickedest precinct."

The Senator, referring to the series currently appearing in the Washington Post and Times-Herald, quizzed John R. Searles, Jr., executive director of the District of Columbia Redevelopment Land Agency, for about 10 minutes on improving the precinct.

The questioning occurred during Searles' testimony before the Senate Banking and Currency Committee on the administration's housing bill of 1954.

PAYNE asked Searles if the precinct did include the worst area in the District and if so what action was underway by the RLA to reclaim it from the slums.

Searles responded that it was the worst in the city, but said RLA rehabilitation is being concentrated in the southwest sector of the city.

Another witness was Oliver C. Winston, of Baltimore, president of the Housing Officials Association. Winston said the bill "is not broad enough to encompass all the major facets of the housing problem."

SECOND PRECINCT CLEANUP ASKED BY CAMALIER

District Commissioner Renah F. Camalier Saturday night called for a ruthless crack-down on crime and slums in the second precinct.

"The police, Health Department and Department of Inspections must take hold of their responsibility and clean these things out," he said on the weekly radio "Report to the People" over station WWDC.

"And you've got to be ruthless about it because you're dealing with ruthless people who flaunt the law and flaunt society," he added.

The Commissioner commended the series of articles appearing in the Washington Post and Times-Herald on conditions in the second precinct—the wickedest in the city.

Pointing out that he once lived in the precinct, Camalier said conditions there now "are the outgrowth of many years of inaction and downgrading of living and housing standards."

"People who live by devious means are not relieved of the obligation of trying to bring themselves up to a higher level," he declared.

However, he went on, officials have the responsibility of ridding the city of dope addicts and other "such crime breeders."

Elimination of slums would be an important step forward, he said.

Camalier urged Washington residents to "yell and yell and keep on yelling" for the proposed \$305 million public works program "so that our good friends on Capitol Hill will realize they are doing something which will be appreciated by all of us."

"Every day we delay the starting of this program the more dramatic becomes the truth of such stories" as those on the second precinct, he said.

In reply to another question, Camalier said the Commissioners also are impressed with the \$500 million Zeckendorf plan for redevelopment of southwest Washington.

[From the Washington Post and Times-Herald of March 21, 1954]

THE WICKEDEST PRECINCT—EIGHTEEN SCHOOLS BATTLE POVERTY, CRIME IN SECOND PRECINCT (Eighth and last of a series)

(By S. L. Fishbein)

Second precinct schools are ramparts of decency on a battlefield of crime.

New and beautiful, old and shabby, the schools daily exert a powerful tug against the mire of poverty and lawlessness that sucks at youth in Washington's bloodiest 1½ square miles.

The schools draw to them the offspring of the precinct which also spawns more murders, brawls, robberies, housebreakings,

prostitution, and liquor violators than any other in the city.

Within the precinct boundaries lie 8 Negro elementary schools, 1 white elementary school, 2 Negro junior high schools, 3 Negro high schools, and 4 parochial schools.

The total public-school enrollment in recent weeks stood at 9,670 Negro pupils and 286 white pupils. Many of the youngsters, especially in the high schools, live outside the precinct.

Considering the surroundings, school principals in the precinct are uniformly amazed at the cleanliness and general behavior of the children who pour out of the slums and alley houses.

"We're really astounded to see them come out of those places looking as clean as they look," says Mrs. Angela B. Bishop, principal for the past 23 years of the Simmons School at First and Pierce Streets NW.

There are several ways, however, in which the second precinct imprints its sordid stamp upon its schools.

At M. M. Washington Vocational, First and O Streets NW., which draws most of its students from outside the precinct, parents are immediately notified when a girl leaves classes during school hours.

Because of the neighborhood, says the principal, Mrs. D. I. Miller, "we want to make sure the girl has reached home safely."

Police were planted in the school early this semester to drive out gangs of teen-age boys who prowled the building during the lunch hour.

Mrs. Miller has had occasion to visit the alley on the school's east side to remonstrate with the drunks who guzzle there and leave a litter of empty bottles.

"I told them, 'Drinking near a school like that is like drinking on the steps of a church,'" she says.

"I haven't got my head knocked off—yet," she adds.

In that same alley 2 years ago a powerful stench arose from one of the sheds. Students thought there were dead rats inside.

When police looked into the matter they found the remains of a drunk dead 4 months.

Through its citizenship classes the school last semester put on a campaign to enlist students in the junior civic associations of their home communities.

Only one girl who lives in the second precinct volunteered for the nearby civic association whose territory covers a part of the precinct. She later turned out to be a shoplifter.

There were no recruits from the nearby area this semester, officials report.

Another school principal reports that an average of a dozen girls in the 13-to-15-age category become pregnant each year. Most of these are second precinct residents.

L. Roscoe Evans, principal of Shaw Junior High School, Seventh Street and Rhode Island Avenue NW., says his school has tried to counteract one problem by setting up special classes "to teach the children what social dancing is."

"Some children seem to think dancing is a sex activity instead of an art," he says.

The problem became clear when pupils were discovered frequenting nearby "juke-box dives" during the recess periods.

About a year ago, Evans says one such place was found to have rooms upstairs.

Evans says more than half his discipline cases involve children with backgrounds of illegitimacy or broken homes.

Evans calls it a great problem: the problem of educating unwanted, "knocked around" children who live with no privacy and see everything going on."

Bundy School at 429 O Street NW., sits in uncomfortable proximity to the prostitutes in the 600 block of O Street and the curbstone whisky peddlers at Fifth Street and Neal Place.

In addition to its regular classes, Bundy draws Negro pupils from all over the city who have reached the age of 13 and are still in elementary school.

The majority of the 192 over-age pupils, says Benjamin Henley, the principal, are from the immediate neighborhood.

Since the current school year started, Bundy has lost 17 pupils to the Industrial Home School because of truancy or delinquency.

Henley sees the two charges as part of the same problem. "A child in the streets gets into trouble," he says.

Behind these problem cases and behind many of the well-scrubbed, well-behaved youngsters in the second precinct schools, poverty is a potent factor.

Several principals interviewed saw surprisingly few overt reflections in their youngsters of the atmosphere of violence in the precinct.

None denied the signs of poverty, however.

At Bundy, for instance, Henley estimated that more than half of his 192 over-age pupils needed some help from school in the form of clothing or shoes.

About one-third of the Bundy children are what is known in school circles as "door-key children." Their parents work and they carry their house keys, often on a string around the neck, to get into their homes after school.

One principal recently received the following note from the parent of a truant pupil: "This is from ———'s mother * * *. I asking if you seed if I can get any help frome the well fair as you say if I ever kneed help it is now * * *. I haven even got food for my children to eat to day so please see if you can get for me a little help for my people don't have a job and I got to go to the hospitle and got to have \$200 so you see what I up against."

"So that explains the attendance problem," says the principal. "She wants that boy to come to school but what's her mind occupied with?"

At the Walker-Jones School, First and L Streets NW., Mrs. Wilhelmina Thomas, the principal, has noticed a definite upsurge in recent months in requests for shoes.

There was a debate at Walker-Jones over whether some school PTA funds should be spent on Christmas and Easter decorating or whether the money should be used for the relief of hardship cases.

The decorations won. "I say these children need beauty and this is the only place they can get it," says Mrs. Thomas, explaining her position.

She believes the comparatively low truancy rate at Walker-Jones is due in part to the contrast between the attractive school atmosphere and the homes of the children.

During her 23 years as principal of Simmons, Mrs. Bishop has seen a tremendous change, all to the good.

Logan Court, which sends its youngsters to her school, is not nearly as rough as it used to be, Mrs. Bishop contends.

Teaching elite areas is easy, says Mrs. Bishop. There, children come to school with some background. Here, we have to build it—things like correct language and, in some cases, morals, and cleanliness."

Most principals interviewed are satisfied with the degree of cooperation shown by second precinct parents.

Two principals used almost identical language on this point. "Even when a father comes in here half loaded, he'll cooperate with us in trying to straighten his child out."

Walker-Jones, Terrell Junior High School at First and Pierce Streets NW., and Montgomery School at Fifth and P Streets NW., are among the newest schools in the city.

Shaw is outdated, shabby and on the list for abandonment. Dunbar High School at First and N Streets NW., is considered one

of the finest high schools in any city of more than 500,000 population.

It has a higher percentage of graduates in college than any other high school in the city. Its capacity is well above its enrollment.

Armstrong Technical High School at First and O Streets NW., on the other hand, is in a bad way. Its buildings are old, its facilities obsolete to the point where students trained in some Armstrong shops are not equipped to work with modern industrial tools. For some time, Negro parents have been urging the transfer of McKinley Tech to Negro use.

Overcrowding is not a serious problem although Washington Vocational, Montgomery, Terrell Junior High, Walker-Jones, Cook School at North Capitol and P Streets, Garrison School at 12th and R Streets NW., and Langston School at First and P Streets NE., are operating above capacity.

The one white school, Thomson, at 12th and L Streets NW., has an enrollment of 286 and a capacity of 648.

RAT-INFESTED SLUMS FOUND IN SECOND PRECINCT

The residents in Washington's second precinct live side-by-side with rats.

"Sometimes they wake me up at night," one person living in this area said.

"The cat takes care of most of them but she's afraid of the big ones," said another.

Fully one-third of the houses in the precinct are substandard, the 1950 census report showed. Crime and slums coexist in the precinct.

Reporter S. L. Fishbein of the Washington Post and Times-Herald turns the spotlight on slum housing in the "wickedest precinct," the second precinct which annually reports more crimes than any other police precinct in the city.

[From the Washington Post and Times-Herald of March 28, 1954]

SLUM HOUSING PACES CRIME IN WASHINGTON'S WICKEDEST PRECINCT—1 OUT OF 8 DWELLINGS LISTED AS BELOW STANDARD

(By S. L. Fishbein)

The Pied Piper of Hamelin would make a pile in the second precinct.

The pitter-patter of rats is heard almost everywhere around the rusted tin fences and the rotted slats and the broken plaster which decorate so many homes in the city's wickedest precinct.

They are homes in which huge families crowd in between the flaking walls and learn how to do it yourself or do without.

This is the second precinct, which reports more major crimes each year than any other.

The question, "Are there any rats here?" was asked in several slum houses picked at random in the precinct last week. Here are some answers:

"Plenty."

"Sure."

"Haw—you kidding?"

"We get rat poison and they go. Then they come back."

"Sometimes they wake me in the middle of the night and I have to get up and clap my hands around the room to scare them off."

"The cat takes care of most of them, but she's afraid of the big ones."

During the 1950 census, a house-to-house survey of housing facilities in Washington was made.

Out of 14,189 houses reporting in the second precinct, there were 4,917 listed in the census report as either dilapidated, without a private bath, or without running water.

This is a ratio of more than 1 in 3. The citywide ratio is 1 in 8.

Since the census, the Board for the Condemnation of Insanitary Dwellings has con-

demned 179 houses within the precinct and is in the process of taking action on another 150 so far this year.

Condemning a filthy, leaky, rat-infested hovel solves only part of the problem and often complicates it.

Under current laws, the owner who doesn't care to renovate such an eyesore can leave it vacant, a tempting castle for the wind-nipped drunk, the dice-shooting drifter, and the teenage vandal.

There are 84 such buildings in the Second Precinct, condemned and vacant and without any indication by the owners of intentions to fix up.

Public health inspectors must take time badly needed for new inspections to back-track regularly and make sure these buildings remain vacant and boarded up.

But many don't stay boarded up long, according to James Bramhall, supervisor of Public Health Engineering at the Polk Health Center.

"We'll get these boarded up on a Friday," said Bramhall last week, pointing to a long-vacant row in Brooks Court, "and they'll be broken in by Monday."

Public health officials are pressing hard for a pending bill which would put a time limit on a landlord's decision: Either fix it up within 6 months after condemnation or tear it down.

"We need that law badly," says William H. Cary, director of Public Health Engineering.

Condemnation is the fate of only the most drastic cases and of selected blocks of houses taken as project areas.

Cary's inspectors routinely check individual complaints and conduct house-to-house surveys of trouble areas to check compliance with the health laws.

One of the blocks surveyed last year includes the houses on the north side of the unit block of L Street NW.

Less than a year later, Cary was shocked at the condition of one of those houses, a two-story row dwelling at 25 L Street NW.

"It's one of the worst I've seen in a long time," he said.

When asked if the house could have decayed to such an extent within a year, Cary replied: "There must have been some things there we didn't catch in the survey."

"Also," he added, "there are a lot of defects in that building which the health inspector couldn't do much about under present regulations, but which he might be able to tackle if we had a housing code."

"I don't see how the people in that house got through the winter," said Supervisor Bramhall.

The people in the house include Henry and Juanita House and their niece, 4.

They pay \$40 a month for a six-room house. They use one small coal stove in the house for heat. The wall around the stovepipe was black, indicating a leak. This was the root of Bramhall's concern.

There were black wedges around the baseboards upstairs, evidence that the smoke was wandering around between lower ceiling and upper floor.

Mrs. House said the toilet, in a shed next to the kitchen, had been stopped up for the past 3 months.

"We tell the man every time he comes for rent," she said a week ago. "He says he'll come back to fix it, but we don't see him again until the rent's due."

When the rickety back door is shut firmly, plaster crumbles off another part of the back wall.

The water pipe in the kitchen leaks. "Many times on cold mornings I have to get up and scrape ice off the floor," said Mrs. House.

The house is listed in the District Assessor's office as the property of Marshall and Lucinda Glover. Marshall Glover used to live

in the house himself and now lives in Philadelphia.

The rent is collected by his brother, Asbie Glover, a trucker of 1674 Montello Avenue NE., who says he merely picks up the rent and applies it to a note on the building.

Asbie Glover denies the family repeatedly complained to him about the stopped toilet.

He admits the house isn't fit to live in and says he's warned Marshall Glover that it stood in danger of being condemned, but, Asbie adds, "my brother has never been one to tend to business." Condemnation action is under way.

Bramhall considers Glicks Court between Sixth, Seventh, Rhode Island Avenue, and S Streets one of the worst in his territory.

"If you can't get something illegal in Glicks Court it doesn't exist," he says.

The house at 1719 Glicks Court is the home of a 37-year-old woman and her seven children. She says she's never been married.

She says the family lives on \$160 a month in public assistance funds. Fifteen dollars of that goes for rent for a four-room house with cracked, dirty walls, a littered back yard, no inside toilet or running water, and no electricity.

She says she pays her rent to a Mr. Rice of the United House of Prayer, one of Bishop C. M. (Daddy) Grace's establishments. The Assessor's Office lists the owners of the house as C. M. Grace and Johnny Hero, trustees of the Church on the Rock of the Apostolic Faith.

The United House of Prayer is in the rear of the Glicks Court house and faces Seventh Street.

Last week Edward Rice told interviewers he was superintendent of Sunday schools at the United House of Prayer, a Government Printing Office employee, and the man who collects the rent on the Glicks Court house.

After taxes and water bills are paid, he said, the church makes no profit on the house and doesn't intend to repair it because the church plans to expand on the property.

Asked what he thought about the church renting property in such condition, he said he hadn't examined the house recently. At one point he said, "I didn't ask them to move in there."

He said he would consult the business board of the church and give the family a notice to move.

When he learned the two interviewers were reporters, Rice became indignant and accused them of posing as Health Department men.

Mrs. Mesia T. Robinson, 56, of 14 Paterson Street NE., is the mother of 17 children, 5 of whom died in infancy.

She lives in the 4-room house with 2 of her sons, a daughter and a granddaughter. Bottles are stuffed in holes in the house to assist the cat in combating the rat problem. Rent is \$33.

At 4 Paterson Street NE., McAdo Shuler, a Navy Yard employee, his wife and 6 children enjoy an inside bath, a porcelain stove, refrigerator and hot water heater. The rent is \$40 a month.

Mrs. Shuler says the stove, refrigerator and hot water heater were supplied by the family.

The Shulers are in much better shape than some of their neighbors, but they're house-hunting.

"This street is terrible," says Mrs. Shuler. "Every Friday, Saturday and Sunday night there's drinking and fighting—a week ago they carried out a woman knocked in the head."

In summer the roughhousing moves outdoors and Mrs. Shuler is afraid to let her children out to play.

At 454 O Street NW., Johnnie B. Carr, a cabbie and part-time preacher lives with his wife and 7 children.

They pay \$41 a month for a 5-room house with an inside bath. Carr says rain leaks

through the ceiling in the bathroom and one of the bedrooms leaks.

He says some of the light fixtures are unused because the wiring is bad.

Downstairs in the kitchen there is a cavernous hole in the ceiling which also lets the rain in. Carr says it has been there for some months.

Next door, at 456 O Street NW., Mrs. Daisy Norvell, 65, has lived in the same house for more than 40 years.

When she moved in rent was \$14.50 a month. Now it's \$37.50. Twenty years ago a kitchen and inside bath were installed.

Mrs. Norvell said if she didn't like the accommodations she wouldn't have lived there so long. But she too complains of a leaky ceiling.

Raymond R. Ruppert, whose real estate office is at 1017 7th Street NW., collects the rent on the houses at 4 and 14 Paterson Street NE. He is listed in the assessor's office as the owner of the dwellings at 454 and 456 O Street NW.

Asked how many other such houses he owns or manages, Ruppert said he preferred not to give an exact number. He said "many" would be a fair description. He describes the properties as "low-rent housing."

The hole in the kitchen at 454 O Street was brought to his attention a week ago and is in process of being repaired, Ruppert said. He was not aware of the other complaints.

Ruppert pointed out that the tenants may lodge complaints at any time with health inspectors.

Ruppert has several thoughts on improvement of slum conditions.

The activities of the Board for the Condemnation of Insanitary Buildings, he says, "amount to confiscation of property" and are "leading toward radical socialism."

As an example of what he calls hardships worked on owners, Ruppert points to a Board project on Fenton Place NE., in which condemnation action has been started on some 100 houses.

"We have 27 of those Fenton Place properties," Ruppert says.

Some years ago, Ruppert said, he noted the drive toward the elimination of outside water closets and began voluntarily to install inside baths, making additional repairs where necessary.

He said he was working toward the June 1955 legal deadline for removal of outside water closets, but is discouraged by the operations of the Condemnation Board.

Twenty of the 27 Fenton Place houses have been fitted with bathrooms and repaired at a cost of about \$1,500 each, he said.

Under the Board's standards, Ruppert said, all the houses will require additional thousands in repairs and only about \$600 of the \$1,500 spent on each house will be salvageable.

"The board's standards are so high that when they get finished, each house will be fit for the President to live in," Ruppert said.

"We're trying to cooperate with the elimination of slum conditions, but find it's impractical as long as the board requires excessively high standards," he added.

Ruppert said he can't rent a house brought up to board standards at a rate high enough to pay for the cost of repairs.

Speaking generally, board officials say their aim in condemning houses is first of all to remove all health hazards, and secondly, to make a livable home out of a blighted house in such a way that the building will remain livable for some time.

In the same way, the aim in a block project is to make a decent community out of a slum.

The board prefers to work on blocks rather than on individual houses, to encourage owners who might be reluctant to invest in

repairing a house in what would remain essentially a slum neighborhood.

In the preliminary stages of a block project, the board works in secrecy. Col. Giles Evans, chairman of the board, says one reason for the secrecy is a habit owners have of quickly obtaining a building permit when they hear the board is planning action on their properties.

"When we see that," says Evans, we may think this is a step in the right direction, and with all the work we have to do, we may skip that building.

"Then the owner'll do a slap-dash job—not nearly up to the standards we'd demand if we condemned the house."

Another approach in the second precinct, enjoying mixed success so far, is the voluntary rehabilitation project jointly undertaken by the Central Northwest Citizens Association and the Washington Housing Association.

The target is the renovation of 11 blighted buildings in a triangle bounded by Vermont Avenue, 11th and R Streets NW.

One owner of four houses is cooperating and is prepared to pay several thousand dollars for repairs.

A steering committee with members from both sponsoring groups still has to decide whether the current tenants will have to move during repairs.

The committee feels it has a moral obligation to find suitable housing for any displaced tenants.

This problem has not yet arisen with respect to the other houses. None of the other six owners is cooperating.

A spokesman for members of a family which owns four of the houses has told the committee, "It's nobody's business but our own what we do with our property."

The other two owners have sent word through their agents that they're willing to join any voluntary rehabilitation plan.

"We're still hoping we won't have to call in the Bureau of Public Health Engineering," said Mrs. Hilda Cloud, executive director of the housing association. The other owners may come around when they see what's being done to the four houses.

In other houses (not the ones mentioned in this article) crime and slum conditions have been shown to coexist. Health Inspection Supervisor Bramhall reports that 29 out of 30 second precinct addresses which figured in recent narcotics raids were cited by his office for some sanitary violation.

Mr. Chairman, I would join with my distinguished friend from Pennsylvania [Mr. Scott], who just preceded me, to say that within my congressional district there is no particular interest in public housing. Yet I have come to the conclusion that, in the great metropolitan areas of this country, it is an absolute necessity. Also, it is the conclusion of the President's Advisory Committee on Housing. The President himself cannot reach any other conclusion than to recommend it to the Congress and I commend the majority leadership for the proposed amendment which I understand will be offered on tomorrow to include 35,000 public-housing units in the present bill.

Mr. Chairman, I make this prediction, that, if the urban renewal program is carried out as intended by this bill, there is no other answer it seems to me than to provide the necessary public-housing units to take care of the low-income group, the displaced persons who will be forced from these blighted areas.

THE WHERRY HOUSING PROGRAM

The bill before the Committee extends the Wherry housing program for another year. This program is strongly supported by the Defense Establishment. The program however, is limited to permanent defense installations. The bill drops the so-called defense housing program. It is my feeling, Mr. Chairman, that the Congress must enlarge the housing program for those camps and areas that are not looked upon as permanent. In many cases our military will continue to use these nonpermanent camps for many years. The houses in these places are very, very poor and the morale of the serviceman is at a low ebb.

For several months I have been studying the military needs for housing and it does seem to me, that when this Congress will during this session appropriate over \$1 billion for family allowance for the military, that some kind of a program could be developed that would not be a strain upon the Government and at the same time provide urgently needed housing for those military installations that are not now considered of a permanent nature.

INTEREST RATES

At the start I pointed out that, one reason why I signed the minority report, I was concerned about the proposed plan to control interest rates. I think the housing industry, the mortgage lenders, and all those concerned in rental housing, including the Federal Government and especially the defense agency and the homeowner will be best served to stabilize the interest rate.

I call your attention to the testimony of Colonel McCord of the Air Force who, when I questioned him on the interest rate made this statement.

I asked Colonel McCord this question, appearing on page 260 of the hearing:

Have you studied the bill to the point of analyzing the interest factor, so far as the rental costs for Wherry housing units?

Colonel McCord replied:

Yes, sir; for every quarter percent increase in the interest rate the rents would be adjusted upward, if the interest rates were increased, \$2 per unit per month.

For the information of the Committee, I place in the RECORD at this point a table showing the effect of increased interest rates on average Wherry housing mortgage of \$8,100.

Percent rate	Rate per \$1,000 amortization and interest	Per \$8,100 mortgage	Cumulative increase	Vacancy (rent increase)		Installment
				3 percent	7 percent	
4		\$37.13	(1)			Months 391
4 1/4	4.791667	38.81	\$1.68	\$1.92	\$2.01	381
4 1/2	5.0	40.50	3.37	3.86	4.03	371
4 3/4	5.20833	42.19	5.06	5.80	6.05	362
5	5.41667	43.88	6.75	7.73	8.06	353
5 1/4	5.625	45.56	8.43	9.65	10.07	345
5 1/2	5.8333	47.25	10.12	11.59	12.09	337
5 3/4	6.041667	48.94	11.81	13.52	14.11	330
6	6.25	50.63	13.50	15.46	16.13	323
6 1/4	6.45833	52.31	15.18	17.39	18.14	317
6 1/2	6.66666	54.00	16.87	19.32	20.15	310

Mr. Chairman, I call the attention of the Committee to the testimony of Mr.

Shanks, president of the Prudential Life Insurance Co., appearing on page 473 of the hearing. I feel he is giving us a solemn warning when he makes this statement:

We are apprehensive about some of the broad philosophy which runs through the bill. This takes the form of a general liberalization of insured and guaranteed mortgage terms to a point which we think raises a serious question of conflict with the tenets of sound financing. Likewise, we believe that the bill leans too far in the direction of accepting the objective that the volume of housing starts must be kept going at a peak level at all costs, and that the Government should use its proposed control over insured and guaranteed mortgage terms to accomplish this objective. We would like to see in the bill a recognition that regardless of a desire to stabilize the housing industry at a high level the number of housing starts each year must bear a relationship to such basic forces as the rate of family formation, the need for replacement of clearly substandard housing, and the willingness to buy.

On the other side, however, we have various groups, the A. F. of L., Fortune magazine, and others, indicating that for the period 1955-60 the annual housing construction needed totals from 1,400,000 to 2 million housing starts.

I hope that as we proceed with the amendments to the bill we can objectively reach decisions that will be in the best interest of all America and of the groups in America who urgently need housing.

Mr. KARSTEN of Missouri. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and three Members are present, a quorum.

Mr. SPENCE. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, expressing my own view in relation to debate, this is a very important bill and there should be ample opportunity to discuss it, and I mean by that unlimited opportunity for all Members to have an opportunity of expressing themselves. I hope there will be no effort to shorten debate, because this is a bill of far-reaching importance. Many Members are interested. We cannot get time in general debate and it is only under the 5-minute rule that that can be obtained. In expressing my own views for whatever value they might be to the leadership on the other side, I shall fight any effort to shorten debate unnecessarily.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I may say to the gentleman—I know he will understand that I am doing this in kindness to him—that I have been importuned all day long from the gentleman's side to rush this thing through as fast as we can. If the gentleman can control the votes on the other side in that respect, I assure the gentleman there will be plenty of time. I can stay here all evening and all day tomorrow; however, the membership here has been pressuring all of us to get out of here as early as

possible. I am glad that the gentleman raises the point.

Mr. McCORMACK. The gentleman's information is very interesting but it does not change the views I have expressed one iota.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, someone said here that they did not believe that with the exception of Mr. Cole anyone who testified on this bill was wholeheartedly in favor of it. As I recall it, Mr. Cole himself was not completely satisfied with this bill. So I think the committee has a unique record that not one witness who appeared before it is for the bill as it is written.

I certainly was not for the bill in committee and I am not for the bill as it comes before us today because it has a lot of defects. For instance, the veterans' preference is wiped out. You probably have received telegrams from your American Legions in your various States to that effect. Also the President is permitted to up the interest rate. I suppose that is in the interest of flexibility which this administration seems to be sold on, but I cannot understand why they want flexibility to put the interest rates up and a flexibility to put farm prices down. It is a one-way flexibility in each case.

Mr. Chairman, I am coming of the opinion more and more that I shall be more satisfied with this bill as we go along than I was formerly because I understand that from the Republican side is going to come an amendment providing for 35,000 units of public housing. I think that will be a fine thing. It shows how you can progress and how your thinking can change. I do not know who is going to offer the amendment. I suppose my good friend the gentleman from Indiana [Mr. HALLECK], the majority leader, will see that it is offered at the correct time and will endeavor to push it through. That has now become the policy of the party. But I am wondering how he is going to coincide that with what he has said here several other times. Going back to June 29 of 1949, he said:

Mr. HALLECK. It has been said here, and I think with complete truth and veracity, that this is but the beginning.

That is, talking about public housing.

Once the policy is adopted, what are you going to say when the pressures go on to provide this same sort of housing at the taxpayers' expense, in part, at least, to other millions of people who stand in exactly the same position as do the people who will occupy these first units that are built?

Well, I thought we ought to go on and build some more. He further said:

Where will be the resistance to say no?

I hope the gentleman from Indiana, [Mr. HALLECK], will let enough of the people on his side know even that he has changed his position, and he has changed it rather recently, because last year he said this, 83d Congress, 1st session:

Mr. Chairman, reference has been made to certain campaign statements that the President made in the last campaign. Why, certainly he has said, as we all have said, on

numerous occasions, that we seek better housing. But, I do not think you can find—I know you cannot find—by any logical interpretation of any of those statements, a declaration in favor of Federal public housing.

Now, that is what the majority leader said. I do not know where he is. I told him I wanted to quote him a little bit, and I hoped he would be around; but that is what he said as little ago as the first session of this Congress.

Now, it will be interesting to see if this bill is perfected any. It will be interesting to see if we do put in some public housing, say 35,000 units. It will be interesting to see whether or not we can keep the interest rate at a reasonable figure. It will be interesting to see whether or not we can retain the veterans' preference. Later I want to speak for a few minutes about an amendment that I want to offer to double the amount of money that is contained in this bill for public housing, because if we are going to have any sort of an adequate set of plans in the event that we have to put them into effect, certainly the amount of money that is contained in the bill at the present time is inadequate.

Mr. GAMBLE. Mr. Chairman, I yield 7 minutes to the gentleman from New York [Mr. KEATING].

(Mr. KEATING asked and was given permission to revise and extend his remarks and include the text of an amendment.)

Mr. KEATING. Mr. Chairman, I have asked for this time in general debate for the purpose of calling the attention of the membership to an amendment which I propose to offer on page 184 just before section 405 when we reach the amendment stage. It is quite possible that our distinguished chairman, who will rule on the law and the law only, after consultation with the Parliamentarian, may be forced to rule this out of order as dealing with a subject which is properly within the province of another committee, the Committee on Ways and Means. I do feel, however, that it is deserving of serious consideration by the House. Since my time later may be limited in discussion, I have asked for this time now in order that I may alert the membership to the subsequent offer of the amendment and have a full opportunity to present it. It will come as no surprise to the Members of this body who are acquainted with the municipality in question to say that the city of Rochester, N. Y., has been a leader in the field of providing housing for low-income and middle-income families. They have done it to date without any Federal public housing project. They do have a couple of State projects in that city. They have done it largely because of unique plans which have been entered into by the public-spirited citizens and businessmen of that city to provide housing for modest-income families outside the framework of public housing as we know it.

Mr. HAND. Mr. Chairman, will the gentleman yield?

Mr. KEATING. I should be glad to yield, briefly.

Mr. HAND. As one who has been very much interested in housing for low-income groups, I might say to the gentle-

man that I know something about the Rochester experiment. I have watched it with considerable interest and I might add with considerable enthusiasm. I think it is a grand project.

Mr. KEATING. I thank the gentleman. At the appropriate point in this debate I seek to offer an amendment which will provide that the obligations of these nonprofit redevelopment corporations, dealing in slum or blighted areas, shall be exempt from Federal taxation, provided they comply with certain requirements. First, that the nonprofit corporation shall have as its purpose the housing of families of low income who otherwise would have difficulty in finding decent housing.

Second, eligibility for admission to the housing facility shall be in accordance with standards adopted by the governing body of the municipality.

Third, such nonprofit corporations shall be subject to and restricted by State laws or other State regulations as to rents, charges and capital structure.

And finally, that where the nonprofit corporation has stock, the same shall be stock upon which no dividends will be declared and which shall have no liquidation value for any private stockholder in excess of the face value of his investment; and that any increment shall escheat to the State or be distributed to the municipalities.

Mr. McDONOUGH. Mr. Chairman, with the gentleman yield?

Mr. KEATING. I yield to the gentleman from California.

Mr. McDONOUGH. This would not provide a means for a very wealthy person to build such a project as this in order to avoid paying income taxes?

Mr. KEATING. No; it definitely would not under those restrictions.

Mr. McDONOUGH. Would it give the person who occupies one of these houses the impression that he was being charitably contributing to?

Mr. KEATING. I do not think the people do have that feeling. They pay a rent, but they pay a lower rent than they would normally have to pay if this were a profit-making enterprise.

Mr. McDONOUGH. These are operating institutions now?

Mr. KEATING. Yes; that is right.

Mr. McDONOUGH. Does the gentleman have an idea that if we must have socialism it is well to confine it to the State line or the county line rather than to have it Federal?

Mr. KEATING. I do not like to bandy about loosely the word socialism. I am opposed to true socialism at any level. I do not hold, however, with those who contend that the intervention of government at any stage to improve conditions is socialism. This Rochester plan could under no stretch of the imagination be called a socialistic experiment.

We are all aware of the ever-present and ever-increasing need for the rehabilitation and redevelopment of substandard areas in our cities so as to eliminate such blighted areas and provide clean, decent, and economical housing. This situation of necessity becomes worse as time goes on in the absence of cor-

rective measures being taken by the Federal Government, the State governments, the municipalities themselves, and the commendable and selfless efforts on the part of private enterprise. There can be no doubt that the problem, which in many, many cases is a chronic problem, can best be met through the united efforts of both Government and private enterprise.

Indeed, this was recognized by our President in his message to the Congress and further has been amplified by the Administrator of the Housing and Home Finance Agency, whose chief concern is the elimination of unhealthy living conditions and the provision of decent housing for those to whom this has, up to now, been denied. Proof of this can be found in the fact that it is the apparent intention of the Government to decrease the amount of money to be expended for public housing financed by the Federal Government and to encourage the entry into this field of private investment.

May I quote from the report to the President of his Advisory Committee on Government housing policies and programs:

Slum clearance and slum prevention are local problems which require local solutions.

Encouragement of the entry on the part of private enterprise into this field is bound to result in an incalculable saving to the Federal Government in that it would not be required to expend the great amounts of money for the construction and maintenance of housing projects as it has in the past under our present laws.

In order to offer an incentive to private enterprise to participate in this whole program, it seems to be only appropriate that some sort of tax exemption be extended to prospective private investors.

I am, therefore, offering this amendment which is designed to afford low-rent nonprofit redevelopment corporations Federal tax exemption on their obligations, including interest. Under the present law, the bonds and notes of municipalities and public-housing authorities have this exemption throughout the country.

The amendment which I am proposing, it would appear, is little enough to extend to the tremendous forces of private capital which might come into the very worthwhile program of slum clearance and redevelopment. With the enactment of such a provision as this private capital would in part be permitted to stand on equal footing with the municipalities which it is serving without profit to the investors. The provisions of this measure are such that such corporations or organizations would be under the surveillance of Federal, State, and municipal governments so as to assure that the housing facilities constructed meet the public need. Provision is also made that no profit will ever be realized by stockholders or other members of the redevelopment company or organization either during its life or at the time of its liquidation or dissolution.

This provision is worded so that it could not be subject to abuse by anyone whereby any profit could be realized or

the intended public service would not have been met.

Accompanying the submission of this amendment is no implication that private enterprise alone can meet the tremendous problem involved, nor that Government has failed in its efforts in this regard. However, as I have stated, in adopting this approach, we would be doing illimitable service to the people who are in need of relief from present housing conditions and to the Federal Government itself by assisting it in its expressed desire to decrease the amount of money which it must expend to provide new housing as well as by interesting private enterprise in helping to solve the problem and return a great amount of the responsibility for it to local communities.

This legislative suggestion, I believe, represents a very significant step forward in meeting the nationwide problem: proper housing would be provided for, eligibility for admission and rents to be charged still would be controlled and, at the same time, great savings would be realized by the Federal Government. I urge adoption of the amendment.

Under leave granted, there follows the text of my proposed amendment:

SEC. 804. Section 102 of the Housing Act of 1949, as amended, is hereby amended by inserting the following new subsection (h) at the end thereof:

"(h) Obligations, including interest thereon, issued by nonprofit redevelopment corporations or other nonprofit corporations or organizations, authorized by law to provide low-rent housing and to assist in the redevelopment of real property in areas designated by the governing bodies of the municipalities or other political subdivisions in which the housing is to be located, as being slum or blighted areas and income derived by such nonprofit corporations or organizations from such housing in such areas, shall be exempt from all taxation now or hereafter imposed by the United States, provided that

"(a) such nonprofit corporation or organization shall have as its purpose the housing of families of low income who otherwise would have difficulty in finding decent housing;

"(b) eligibility for admission to the housing facilities involved shall be in accordance with standards adopted by the governing body of the municipality or other political subdivision in which the housing is located;

"(c) such nonprofit corporation or organization is subject to and restricted by State laws or those of political subdivisions or regulations of State bank or insurance departments as to rents, charges, and capital structure or methods of operation; and

"(d) where such nonprofit corporation or organization has stock, the same shall be stock upon which no dividends will be declared, and which shall have no liquidation value for any private stockholder in excess of the face value of his investment, any increment of such corporation or organization instead to escheat to a State, or be distributed to municipalities, or a combination of both. Regardless of the capital structure of such corporations or organizations, no profit shall be realized from the operations contemplated by this section by the owners or members thereof, either during the life of such corporations or organizations, or at or after their liquidation or dissolution."

(Mr. KEATING asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. BARRETT].

Mr. BARRETT. Mr. Chairman, the Eisenhower administration, the Housing and Home Finance Agency, and the House Committee on Banking and Currency had before them a great opportunity in connection with the housing legislation now here on the House floor, H. R. 7839. They had the opportunity to come forward with a housing program which would outdo the work of the Roosevelt and Truman administrations in assuring decent homes for the American people, while at the same time giving us a huge assist in expanding the prosperity of the American economy.

The housing industry is a basic part of our economy. Money spent in building new homes for our millions of families living in less-than-adequate dwellings stimulates not only the building trades, the materials dealers, the raw materials producers, the investment business, and so on, but has a tremendous impact on practically every business and industry in the country.

So a good housing bill accomplishes two great things: Better housing for more people, and more prosperity for everyone in the United States.

With the opportunity before it to come forward with a real and effective housing program, the Eisenhower administration and the Housing and Home Finance Agency took a rather timid look at the problem and came up with timid solutions—halfway measures. In other words, it swung and missed. Then, when the administration's half-measures housing bill came before us on the Banking and Currency Committee, the decision on the part of the majority members of that committee was to provide even less. For instance, there is no provision whatsoever in this bill for any public housing. None at all.

Redevelopment? Yes. Redevelopment is not only good for our cities in attacking blight and in improving the community, but it also does a lot for property values in the surrounding areas.

But what this bill proposes to do is to continue the highly successful redevelopment program but make no provision whatsoever—no really effective or really practical provision—for those who are dispossessed and evicted from their substandard dwellings in those developed areas. In south Philadelphia a number of temporary housing projects, such as the shipyard homes, are being demolished and there are no low-income housing projects in the area to absorb them.

The Republican members of the committee would probably disagree with me on that. They insist that the idea inserted in the bill to encourage private builders to build homes for these evicted families will do the trick.

WHAT FAMILIES COULD BENEFIT FROM THE \$8,600 HOME PROPOSAL?

Just stop for a moment and consider that idea from a practical standpoint. People living in slum areas, in substandard, inadequate accommodations, who have to move to make room for a redevelopment program or a new street or highway plan, or some other public im-

provement of that kind, could then buy—I repeat, buy—a home of their own under this plan, and buy it on what are said to be attractive terms.

What are those terms? A \$200 closing-cost charge—which many, if not most of these families would not have and would not be able to raise. Then the house itself could not cost more than \$7,600, except in so-called high-cost areas like Philadelphia where the top would be \$8,600.

Can you tell me what kind of housing can be built in Philadelphia for \$8,600? How big? Big enough for the average lower-income family presently eligible for public housing?

But assuming, Mr. Chairman, that such housing could be built, and that the prospective purchasers could scrape together the necessary \$200 down payment—which is what that fee amounts to. Could families now living in slums and eligible for public-housing afford to purchase a house with an \$8,600 mortgage, even one spread over 40 years?

On an \$8,600 house, it would cost the purchaser \$76.36 a month for shelter rent. Imagine that. Imagine rehousing lower-income families from the slums in units costing \$76 a month to own and operate.

This is the most ridiculous slum-clearance suggestion I have ever heard, when you apply it to actual conditions in a city like Philadelphia.

Let me point out another aspect of this: Assume some families in rundown, blighted areas where a redevelopment program was to be undertaken could afford \$200 downpayments and could also squeeze together the \$76 a month to own and live in such a house. Do you know how much that house would cost to purchase and operate over the life of the mortgage? The figure I have is \$36,172.88. That is the cost to a family to buy one of these \$8,600 houses on a 40-year mortgage as provided under this proposal.

WHAT ABOUT THOSE WHO DON'T QUALIFY FOR THE MORTGAGE PROGRAM?

Now I have pointed out only a few of the hopes in this proposal. But what about those families which live in substandard units which are not actually in the direct path of a redevelopment program? Under this bill, they could not qualify at all for the program. We would sentence them to continue living in slums.

For this bill provides nothing for public housing. It opposes public housing. It is built on the theory that public housing is bad. This theory is contrary to the President's recommendations on public housing. The President has favored a 35,000-unit program for this fiscal year. However, I firmly believe that we should have a minimum program of 50,000 units for this fiscal year in order to fill the vacuum created by the small number of units provided last year and to provide for the families that will be unhoused by redevelopment. I also believe that the over-all program should provide for 200,000 units over the next 4-year period, and that this figure is an essential minimum.

It was interesting to note from the testimony given to the House Banking

and Currency Committee that prominent persons in Government today who were previously opposed to public housing now realize the absolute necessity of an adequate public-housing program.

Mr. Chairman, this housing bill has some good features—I do not want to imply that there is nothing in it that is any good. By the lights of some of our Republican colleagues, it is an excellent bill, because it provides so many new advantages for the investment bankers in getting into the housing field.

But it is not the kind of housing bill which is needed today to help rehouse families living in un-American squalor, in real slums. It is not the kind of housing bill which is needed to stimulate our economy in a way which it must be stimulated if we are to bring back the full employment prosperity which we had when the Republican administration took office.

H. R. 8739 is, in short, a less-than-adequate bill for a less-than-full employment economy. We have the opportunity here to improve the bill and fulfill our obligation to our low-income families by authorizing a 200,000 housing unit program at the rate of 50,000 per year.

(Mr. BARRETT asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MULTER].

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. MULTER. Mr. Chairman, I have sat here all through the debate on the rule, practically all of which was devoted to the merits or lack of merits of this housing deal, and I have sat through all of the debate on the bill itself. I have patiently waited for someone to come forward and tell us why this is a good housing bill.

I have in mind the very beautiful language that appears in the statement of the President of the United States in the message on the housing program which he sent to this House and the other body on January 25, 1954, in which he pointed out how necessary it is that we have a good, sound housing program; how he pointed out that housing for some 19 million families now living in nonfarm houses is more than 30 years old and fast deteriorating; how he pointed out that we need new housing for all groups of our economy; how he pointed out that millions of our people still live in slums, that millions more live in rundown, declining neighborhoods, and so on with more beautiful words, and then he gave his program as to what should be in a housing bill.

I have in mind the very lengthy document sent to the Congress by the President's Advisory Committee on Government Housing Policies and Programs and the very fine recommendations contained within that 377-page document.

I have in mind the hearings before our committee, running well over 800 pages, almost 900 pages.

I have not heard or read anything on the subject either in those documents or anywhere else where anyone can

come forward and say, "This is a good housing bill." It is not a good housing bill because it is a sham and a fraud upon the American people. I repeat, it is a sham and a fraud upon the American people.

The bankers who came before our committee, and the representatives of the insurance companies who lend billions of dollars for housing every year came before our committee, and they all told us this program, as set forth in this bill, will not produce any more housing.

I have in mind, too, some of the witnesses who came forth and said that the modernization and rehabilitation program that they advocate, and which is supposed to be provided for in this bill, is going to produce some 600,000 habitable units. Well, what are you going to do with the people in those units now while you are trying to modernize those homes? Where are you going to house them while you rebuild those houses for them? You are not going to do it, and you are not going to produce any 600,000 new houses under this program. You have already heard about how this bill is going to permit the President to raise the interest rate on mortgages in his discretion. What interest rate can he raise under this bill? You have a limitation in the bill. As the law exists today, and there is no change sought to be made in this bill, the interest rate is limited to 6 percent on nonveterans' mortgages. Is the President going to raise that 6-percent interest rate under the authority you seek to give him in this bill? He can, but I doubt whether he will do it.

Under existing law, the veterans' mortgages are limited as to interest rate at the present time to 4½ percent. I stood on this floor last week and offered an amendment to cut that, and was told by the very distinguished gentlewoman from Massachusetts who chairs the Committee on Veterans' Affairs that her committee was convinced that the veterans' interest rate must be reduced, and that her committee was about to consider a bill and bring it in very shortly. The very next day the gentleman of the committee who chairs the subcommittee in charge of this subject reported that the committee will not consider reducing interest rates below the 4½ percent on veterans' mortgages. This bill is going to permit the President to increase those rates. Now, what rates is he going to increase? If he is not going to raise it over 6 percent on the nonveterans' mortgages, the only sphere of activity where he can raise the interest is the already too high interest rate of 4½ percent on veterans' mortgages.

Mr. AYRES. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman, since I referred to him.

Mr. AYRES. I think the gentleman from New York is familiar with the fact that when the interest rate was 4 percent there were very few GI loans available of that kind.

Mr. MULTER. I do not agree with the gentleman. There was ample money available.

Mr. AYRES. Evidently the gentleman from New York has not bothered to check

with the records of the Veterans' Administration.

Mr. MULTER. Let us see. Let us not quibble. You say the money was not available. I say the money was available. What you mean, I think, is that the lenders would not lend the money. I agree with you. They went on strike. They would not let the veteran have the mortgage money at 4 percent. You are right. They had the money in the banks.

Mr. AYRES. It was not that they were discriminating against the veterans.

Mr. MULTER. Oh, yes, they were. Yes, they were. They were striking against the veterans. They said if you give us 5 percent or 4½ percent we will give you the money. When you raised it to 4½ percent and guaranteed them against any loss, and you gave them a guaranty which is just as good as a United States bond, they let the veteran have some money—not very much, but some.

Mr. AYRES. Today with the 4½ percent interest rate, the month of March will be the biggest month in the past 2 years on GI guaranteed loans. As long as the program is working as satisfactorily as it is, we certainly should let them alone.

Mr. MULTER. And I tell you they will lend the money at 4 percent on a guaranteed mortgage. There is no reason why they should not lend the money. The point I am making now is that the only reason for putting in a discretionary authority with the President to raise the interest rate is to give them the right to raise the rates on veterans' mortgages unless he wants to raise the other mortgages beyond 6 percent.

Here is another gimmick in this bill. Never yet have we had anything in a housing program which permitted a service charge to be made. This will let them charge a premium of one-half of 1 percent on top of the interest rate. Now here is another gimmick here. You let them charge a service charge on top of it, and there is no limitation, of, 1 percent, if they can get it. He will probably charge a half percent. It will only cost \$429 million a year to the homeowners of the country who will sign these mortgages and who cannot buy houses without mortgages.

Then we have some other things in this bill, and many fine things that are not in the bill.

I have before me a letter from one of the largest security dealers in the country. Most of its business is devoted to buying and selling mortgages throughout the country. I want to quote just this short sentence from this letter on the subject of interest rates:

The provision for flexibility in interest rates as provided here is extremely dangerous. Increasing the maximum to 6 percent is an invitation to raise rates. The 5 percent maximum was satisfactory and FHA has always exercised flexibility. To attach the rate to bonds would be a serious mistake. The recent swings in the bond market prove the point and a cyclic change in mortgage rates would demoralize the industry. FHA and VA rates should be on parity and should move with long term swings in the mortgage rate and in consonance with Government

policy and by action through the Housing Administrator.

Then you have another item. The Federal National Mortgage Association, they are going to convert it into a private industry now. You have built up a surplus in that organization of over \$1 million.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. Mr. Chairman, I yield 4 minutes to the Delegate from Alaska [Mr. BARTLETT].

Mr. BARTLETT. Mr. Chairman, I requested this time in furtherance of a search for information as to why the Housing and Home Finance Agency desires to repeal a part of the Alaska Housing Act, Public Law 52 of the 81st Congress.

On page 178, section 305, subsection (b) of section (2) of the Alaska Housing Act is proposed to be repealed. I have made reasonably diligent inquiry and I cannot find why this is desired. The hearings before the committee are silent on the subject. This is a very special provision incorporated in the Alaska Housing Act which has been of considerable benefit there. I will say to the Committee that as a consequence of the enactment of the Alaska Housing Act the housing needs, in the main, have been met in the Territory of Alaska. Six thousand units were originally required when this bill became law, and slightly over that number have been built.

I want to suggest that the use of the powers conferred upon the Federal National Mortgage Association in subsection (b) of section (2) of the Alaska Housing Act, which is sought to be repealed, are permissive and would not need to be employed. I think it would be very well if that provision were retained in the law, so it could be used if later needed.

I would like to ask some member of the committee if other provisions in the bill now under consideration are available to replace the section to which I have referred. Could any member of the committee enlighten me as to that?

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from California.

Mr. McDONOUGH. Is the gentleman referring to the lack of any provision in the bill to provide for the selling of secondary mortgages?

Mr. BARTLETT. Specifically, I would like to ask the gentleman from California if the special assistance operations detailed on page 20 of the report would take care of the situation to which I have just referred?

Mr. McDONOUGH. Yes, at the pleasure of the President of the United States.

Mr. BARTLETT. And could be used in the Alaska field.

Mr. McDONOUGH. That is right.

Mr. BARTLETT. Could the gentleman inform me if he knows why the repealer is sought at this time?

Mr. McDONOUGH. No; I cannot answer that question. As a matter of fact, I may say to the gentleman from Alaska that I am sympathetic with his problem in Alaska, and I believe every provision

should be made for ample financing of homes in Alaska and Guam.

Mr. BARTLETT. As I see it, this language is permissive and no harm would be done if it were allowed to remain in the law. If it does not need to be used, it will not be used. I hope the Committee will be agreeable to retaining that language which section 305 on page 178 seeks to repeal, so that if any great housing need should arise as it may in the booming and expanding territory, the law would be there to take care of it without further legislation being enacted.

Mr. GAMBLE. Mr. Chairman, I yield 8 minutes to the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON].

Mrs. FRANCES P. BOLTON. Mr. Chairman, it had not been my intention to speak again on the housing matter, but it seems to me we need to go into some of the heart of the matter about which we are legislating, as well as into the various problems of mortgages and things of that kind.

We in the United States are very short of housing. Our babies are coming in very fast, and they grow amazingly rapidly, and in many of our large cities we have the unfortunate situation of exceedingly bad living conditions.

In my own city of Cleveland we have long had an area which we call the "central area" in which there are thousands of families living in truly shocking conditions. This is an area which has been used by one group, then by another, and then by another, so that, bit by bit, it has deteriorated to the extent that there is little plaster on the walls, little water in the pipes, and the resulting condition is exceedingly dangerous to health and morals.

We in Cleveland are very grateful to the Committee on Banking and Currency which under the able guidance of its distinguished chairman, the gentleman from Michigan [Mr. Wolcott], has brought this bill to the floor. We feel that he should have the strongest commendation from this committee for the thoroughness and the farsightedness with which H. R. 7839, which we are now considering, has been drafted.

It is exactly the program that will make it possible for the private citizens of Cleveland to go forward with a slum-clearance program which without some modest public housing, low-cost housing, could not be carried forward.

Eager to see a constructive program undertaken, a group of men and women have come forward, who are giving their services; with whom the city is cooperating. We now have opportunity to do away with a slum area which would be a disgrace to any city.

The project which is getting underway, which will take advantage of a \$7-million bond issue recently overwhelmingly voted, is a \$25 million project planned by the leaders of the community involved. This is a Negro community. Members of the community are pledging \$500,000, of which one man alone is giving \$100,000. When I talked with the group here he told me with a very radiant face: "Mrs. BOLTON, it is very differ-

ent in our community now. A Negro can earn good money, he is respected in the community, and we want to fulfill our responsibility to the city of Cleveland, to our own group, and urge upon all of our community this project."

We are very proud that this development has taken place, for not a single dwelling has been built in that area in 34 years. You can perhaps imagine what the need is.

Among the outstanding leaders of the Negro and white communities are Mr. Alonzo G. Wright, a real estate investor and a hotel man; Wendell A. Falsgraf, attorney; H. J. Raymond, partner in Ernst & Ernst, accountants, and Guy C. Larcom, Jr., architect.

They are planning to utilize the 104 slum acres for apartment houses, for dwellings, for a proper center for the whole community, including a shopping center and a theater. They hope to make it the best center, the best locality in Cleveland.

By taking advantage of the FHA section 220 of this bill they expect they will need \$2 million for equity capital, so they are raising that \$2 million.

Mr. Chairman, this is one example of the advances that can be derived under President Eisenhower's housing program. His is a plan which will take us forward towards that dream of America which we all have: That children shall be born with healthy bodies and sound minds, that they shall be born into homes that are decent, into localities where there is room to breathe, to play and to laugh, where they will receive an education that fits them for the lives they will lead, that they may have work which will suit their capacities. Then at some time during their lives a little time to sit in the sun, a little time to meditate, and praise their God.

I am earnestly hoping, Mr. Chairman, that this bill will be passed pretty much as it is written, although I should welcome an amendment providing for 35,000 public housing units.

The CHAIRMAN. The time of the gentlewoman from Ohio has expired.

(Mrs. FRANCES P. BOLTON asked and was given permission to revise and extend her remarks.)

Mrs. KELLY of New York. Mr. Chairman, today in the House of Representatives we are considering the Housing Act of 1954, a bill to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities. This bill, as reported, provides no public housing program, although an amendment will be offered to include a new public housing program.

It is evident from the confusion of the last few days that an attempt was made to scuttle the public housing program. If we are successful in adding a public housing program for 35,000 units of construction this year, it is to be remembered that this is a carryover authorization of the Democratic administration's program.

I want to pay tribute to my colleagues on both sides of the aisle who have en-

deavored to save and to continue a Federal housing program.

I feel compelled to raise my voice to deplore the action of the majority on the Independent Offices Appropriations Committee and those members of the Rules Committee who seek to destroy and to put an end to the very worthy Federal housing program. Both of these committees are controlled by a Republican majority.

I do not comprehend their lack of understanding of the need for decent housing for the low-income group, let alone their moral obligation to comply with previous authorizations to continue that which has already been planned.

The most important problems facing every metropolitan community in the country are those of housing and slum clearance. Large cities, especially New York City, have particular housing problems.

A recent study of all slums and blighted areas in the country showed they comprise one-fifth of our metropolitan areas. And into this one-fifth of our cities are packed one-third of the urban population, a good third or 35 percent of the fires, approximately 45 percent of the major crimes, about 55 percent of the juvenile delinquency, and 60 percent of the tuberculosis rate. In other words, slums account for 45 percent of city service costs, but they pay only 6 percent of its real-estate taxes.

I would support wholeheartedly any effort on the part of private industry to provide housing and slum clearance for the people of our Nation if private industry were willing and able to supply these needs. But since this cannot be achieved, the Federal Government must be permitted to continue its past authorization and provide for at least the new units in line with the recommendations of our President and the President's Advisory Committee on Government Housing Policies and Programs.

In a speech on the floor of the House, the ranking member of the Banking and Currency Committee, the gentleman from Kentucky [Mr. SPENCE], stated:

How are you going to get rid of the slums except by Federal contribution? There is no way in the world to do it. It is said that we should put the slum-clearance matter back on the cities. But the cities cannot do it. I have represented 3 or 4 cities in my time. I know the limitations of the cities. They are creatures of the State. They are organized by the State, their charters are granted by the State, and they are limited in their activities under the State constitution.

The gentleman from Kentucky [Mr. SPENCE] said that on June 24, 1949. His words are as true today as they were on that date. His statement certainly applies to New York City and to every city in the United States.

In the report of the President's Advisory Committee on Housing there is included a digest of the replies to a questionnaire sent out by one of its subcommittees. Credited with answering this questionnaire are Mr. Robert Moses, chairman, office of committee on slum clearance, New York City, and Mr. Charles S. Archer, of New York City.

In answering question 1 on the size of the slum elimination and slum-prevention problem, here is the reply given:

New York City: 1950 census rated more than 285,000 apartments, over 12 percent of the total, as badly substandard. Included in this figure were more than 100,000 apartments with no modern conveniences. The city-planning commission has designated 9,000 acres throughout the city as slum-clearance areas which would be proper for clearance and rehabilitation.

In answer to question 2 on slum elimination of urban development, the answer from New York City points out that urban redevelopment is a sound application of city-planning principles to slum elimination. In my own opinion, this plan, an experimental approach to low-income houses, would not help the people of Manhattan, the Bronx, or Brooklyn. Home ownership is too costly. Where, in the city, could one build a house for \$7,600? I do hope that this section of the bill will be so successful to encourage private home ownership as the next step for proper environment for future and present Americans.

I feel these illustrations are sound evidence of the need for a continued Federal housing program. We spend more than 10 times as much in subsidy for highways, nearly 6 times as much for rivers and harbor work, more than twice as much to help out on the school-lunch program, and more than 1½ times as much for our few Indians.

I commend my colleagues, the gentlemen from New York [Mr. MULTER and Mr. DOLLINGER], members of the Banking and Currency Committee, for their efforts to save the Federal housing program. In a minority report is listed the disagreements with the majority on major aspects of the Housing Act of 1954. These include failure to authorize any units of low-rent public housing; failure to maintain traditional veterans' housing preferences; failure to provide a realistic workable secondary-mortgage market; delegation to the President of authority to set maximum interest rates on FHA and VA mortgages; delegation to the President of authority to control real-estate credit; failure to establish safeguards against "mortgaging-out" under the various FHA rental-housing programs; and failure to require builders of FHA and VA houses to give the home buyers a warranty against defective construction.

How has the past program affected the city of New York? It has been helpful but actually has only scratched the surface. On March 30, 1954, I received the following facts from the New York City Housing Authority:

Sixty-nine thousand nine hundred and seventy-one is number of units now occupied, of which 23,261 were contributed to by the Federal Government.

One hundred and three thousand seven hundred and fifty-three is total approved program—built, or in construction, or approved.

Completed construction, prewar, 12,971.

Federal Government contribution, postwar, 6,709.

Eight thousand six hundred and thirteen under construction and partially occupied.

Five thousand nine hundred and sixty-seven under construction but not yet occupied.

Four thousand eight hundred and twenty-six awaiting construction.

For all the above, the property has been acquired by the city of New York.

Nine hundred forty-four million two hundred ninety-six thousand three hundred and seventy-four dollars is cost of projects built or under construction.

Three hundred fifty-five million eight hundred sixty-two thousand four hundred and twenty dollars represents the total development costs of projects in which the Federal Government is interested. New York City sells bonds on which the Federal Government guarantees to pay subsidies not exceeding 4½ percent annually.

One million nine hundred fifty-nine thousand five hundred dollars and sixty-two cents is the amount paid by the Federal Government—during the last accounting year—in subsidies on projects in New York.

At this point, I think it of interest to note—and I do so at the risk of being classed overbearing—New York City alone contributed over \$10 billion in internal revenue. This is twice the amount contributed in internal revenue by any State in the Union.

How much will slum clearance cost? There is no idea of the complete problem. Two hundred twenty-seven million nine hundred fifty-seven thousand dollars is the estimated cost of projects in the planning stage on which \$61,382,000 worth of bonds will be guaranteed by the Federal Government. Nine hundred forty-four million two hundred ninety-six thousand three hundred and seventy-four dollars represents the cost of projects built or under construction since the inception of the Federal housing program.

The city of New York contributes directly without any Federal contribution, all of the parks, street improvements, tax waivers, and so forth, that are necessary to complete these projects.

What has actually been accomplished in New York City is small in comparison to the overall need. It must be a long-range plan. For the Federal Government to falter or to bring an end to the Federal housing program will certainly not strengthen our democracy.

I urge all Members to reconsider this vast city problem and to assume their responsibility to help not only this great metropolis but all other areas where public housing is needed.

Mrs. SULLIVAN. Mr. Chairman, when the appropriations bill section, which had as its effect the killing of public housing after those projects in the contract stage are constructed, came up on Tuesday, I think I made it clear to the House how I felt about the needs of our people for decent homes at prices they can afford. The complacency of the Republican majority in the House in connection with that provision has also made it clear that we cannot expect any sym-

pathy here for the people eligible for public housing, regardless of what a Republican President may propose as a half-hearted attempt at a solution of their problem.

There is probably little to be gained in extensive discussion here on the House floor with so many minds completely closed to the issue—with so many powerful leaders of the majority party clearly presenting themselves as foes of public housing. We can only hope that the Senate may again come to the rescue and provide at least some semblance of a continued public housing program.

I shall, of course, support the Democratic members of the Banking and Currency Committee in their amendments to restore a public housing program in this bill and to improve, in other ways, the unduly restrictive features of other parts of this measure. But it is indeed disappointing and, as I said Tuesday, heartbreaking, to see such little concern as the House has been demonstrating in the plight of the average and lower-income families in getting into housing where they can raise children who can have a fair chance at life, whose lives are not scarred by the deplorable conditions of slum environments, whose outlook is not made cynical by the family's hard and difficult struggle in finding and affording a real home.

WE ARE DEALING WITH PEOPLE, NOT STATISTICS

The President said some time ago that when it came to economics he was on the conservative side, but when it came to people he liked to be on the liberal side. That sounds well and good and no doubt represents his opinion of his own views.

This housing bill, however, represents to me an excessive attention to the economics of mortgage banking, whereas in truth and in fact a successful housing program should be and must be one which is geared to human values—to people. Interest rate statistics may make fascinating reading to bankers, but we have to look behind the figures to see their effect on the people who are precluded by high carrying charges from buying a home. We have to look at the effect on families which cannot afford decent rental housing because of the high rents which in turn may reflect high interest rates on mortgages.

I am amazed, Mr. Chairman, at the idea which has been proposed here as a solution to the lower income housing problem of \$7,600 or \$8,600 homes to be sold to families now living in slums. Whether the houses could be built in a place like St. Louis is very doubtful to begin with. But what families presently eligible for public housing could afford even that housing, even on a 40-year mortgage with no downpayment? And where would they ever get the \$200 in cash required for settlement costs?

This idea is a will-o'-the-wisp solution to slums. It may work in some communities where building costs are very low. It would be a good investment perhaps for the mortgageholders who could cash in their mortgage after 20 years and thus be sure of not losing on the deal. But for the average city where slums are

widespread and the need for decent housing for low-income groups is acute, this is a paper idea which can build only paper houses.

IS THIS THE BEST OUR BEST BRAINS CAN CONCEIVE?

What is needed in solving the housing problems of our citizens, Mr. Chairman, is not some piecemeal patches on the present housing laws—which have generally worked well up to now—but some bold and imaginative thinking designed to speed up the slow but steady progress we have made in the past 20 years to eradicate slums and improve housing conditions.

The Housing and Home Finance Agency has closed out completely its housing research program, so we can look for nothing there as a step toward reducing housing costs and getting the public more housing per dollar. The administration, which promised in the 1952 campaign to enlist the best brains in America into government, appointed a part-time study commission which recommended very little of value to anyone except the lenders. The home building industry is not at all pleased with this bill. Who is?

I think the bill is a confession of complacency and futility. I say once more, we need some boldness and imagination in solving our housing problems.

The CHAIRMAN. All time has expired. Under the rule, the Clerk will report the committee substitute amendment as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Housing Act of 1954."

TITLE I—FEDERAL HOUSING ADMINISTRATION
Amendments of title I of National Housing Act

SEC. 101. Section (b) of the National Housing Act as amended, is hereby amended—

(1) by striking out clause numbered (1) and inserting the following: "(1) if the amount of such loan, advance of credit, or purchase exceeds \$3,000";

(2) by striking out of clause numbered (2) the words "3 years" and inserting "5 years"; and

(3) by striking out of the first proviso "\$10,000 and having a maturity not in excess of 7 years" and inserting "\$10,000 or \$1,500 per family unit, whichever is the greater, and having a maturity not in excess of 10 years."

SEC. 102. Section 2 (f) of said act, as amended, is hereby amended by adding the following at the end thereof: "The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the title I claims account shall be terminated as of June 30, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States."

SEC. 103. Section 8 of the said act, as amended, is hereby amended by striking the

period at the end of subsection (a) and inserting a colon and the following: "And provided further, That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

Amendments of title II of National Housing Act

SEC. 104. Section 203 (b) (2) of said act, as amended, is hereby amended to read as follows:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a 1- or 2-family residence; or \$27,500 in the case of a 3-family residence; or \$35,000 in the case of a 4-family residence; and not to exceed an amount equal to the sum of (i) 95 percent of \$8,000 of the appraised value (as of the date the mortgage is acceptable for insurance), and (ii) 75 percent of such value in excess of \$8,000: *Provided*, That the mortgagor shall have paid on account of the property at least 5 percent (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: *And provided further*, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount."

Mr. BROWNSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWNSON:

On page 109, line 20, after "per centum of", strike out "\$8,000" and insert "\$10,000."

On page 125, line 15, after "per centum of", strike out "\$8,000" and insert "\$10,000."

On page 125, line 17, after "in excess of", strike out "\$8,000" and insert "\$10,000."

(Mr. BROWNSON asked and was given permission to revise and extend his remarks.)

Mr. BROWNSON. Mr. Chairman, the effect of this amendment is to place in the bill a more realistic schedule of required downpayments on houses sold with the aid of an FHA-insured loan.

Throughout the country it is increasingly evident that prospective home buyers, well able to afford new homes on their monthly income, simply do not have the downpayments now required or even that which would be required under this bill. I can think of one particular case in my district that typifies this situation. A man with four children who has been an outstanding newscaster and radio announcer, was in a position where he had to move from a rented home that he had lived in for years and found himself unable to raise the downpayment necessary in order to house his family adequately. This is despite his employment at a fairly high level in a well-paid profession. I have been informed, for example, that 90 percent of all new housing in the Washington area is sold under VA financing rather than FHA because it affords a

lower downpayment. I think it is amazingly common throughout our country that people do not have the downpayment required, although experience under the GI loans has shown that they do have the income required to keep up their payments.

My purpose in offering this amendment is to bring the downpayment schedule under section 203 of the National Housing Act in line with the value of today's dollar. The present statutory limits have not been substantially amended in 10 years. Although values and consumer incomes have doubled, the downpayment now required on a \$12,000 house is 4 to 5 times the dollar amount required on the same or equivalent house of 10 years ago. Then a \$6,000 house could be purchased with a downpayment of \$600; today the same house would sell for somewhere between \$12,000 and \$15,000, and would require a downpayment of from \$2,400 to \$3,000.

With the inflation of home prices, the average man with 2 or 3 children must pay at least \$10,000, and often as much as \$12,000 to \$15,000, for suitable housing for his family. The experience of the building industry has been that the average family man cannot raise more than \$1,000 to meet his downpayment and settlement charges combined.

The bill before the Committee adjusts the schedule down somewhat but not enough to solve the problems caused by the inflated home prices. The Housing and Home Finance Administrator, Albert M. Cole, is quoted, on page 41 of the hearings, as follows:

I want to emphasize that these, as well as the similar adjustments in the maximum amounts for other FHA programs, would represent the statutory maxima which would not automatically go into effect upon the enactment of the bill. The authority to establish the actual terms under which the FHA would operate would be vested in the President. It is contemplated that, if the Congress enacts these proposals, the President would, when he approves the legislation, put into effect a new scale of maximum mortgage-loan amounts employing the new simplified formula, but establishing the amounts below the various maxima permitted by the bill.

It then follows that, if any real liberalization of downpayments is to be realized, the amounts must be lifted in the bill to allow a sufficient increase in the President's area of discretion to provide for some substantial decrease in the downpayments required by the new schedules. Certainly the discretionary powers in the bill should be broad enough to meet the needs of the people. This amendment will do that.

It is also interesting to note that this new bill in some specific cases actually raises the downpayments required by eliminating section 203 (b) (2) (D) of the present law. Under the present law, in certain circumstances, the downpayment provisions under that section provides a downpayment of \$500 for a \$10,000 home of 4-bedroom size. The bill would raise the downpayment of all \$10,000 homes to \$900, thereby increasing by 80 percent the downpayment of these special category homes. My

amendment seeks to establish a \$500 downpayment for all \$10,000 homes without restriction.

The maximum effect of my amendment would come on houses in the \$10,000 class where it results in a reduc-

tion of \$400 in the downpayment below the figure required in the bill now before us. I will ask permission of the House to insert at this point a table showing the downpayment schedules in the law, the bill, and my amendment.

Downpayment schedules, 1-2 family, new, and existing

FHA appraised value	Under present law			In H. R. 7839 ¹	Under this amendment ²
	203 (b) (2) (D)	203 (b) (2) (C)	203 (b) (2) (A)		
\$1,000	\$200	\$200	\$800	\$200	\$200
\$5,000	250	250	1,000	250	250
\$6,000	300	300	1,200	300	300
\$7,000	350	350	1,400	350	350
\$8,000	400	650	1,600	400	400
\$9,000	450	950	1,800	650	450
\$10,000	500	1,250	2,000	900	500
\$11,000			2,200	1,150	750
\$12,000			2,400	1,400	1,000
\$13,000			2,600	1,650	1,250
\$14,000			2,800	1,900	1,500
\$15,000			3,000	2,150	1,750
\$16,000			3,200	2,400	2,000
\$17,000			3,400	2,650	2,250
\$18,000			3,600	2,900	2,500
\$19,000			3,800	3,150	2,750
\$20,000			4,000	3,400	3,000
\$21,000			5,000	3,650	3,250
\$22,000			6,000	3,900	3,500
\$23,000			7,000	4,150	3,750
\$24,000			8,000	4,400	4,000

¹ On basis of 95 percent of \$8,000 plus 75 percent of excess.

² On basis of 95 percent of \$10,000 plus 75 percent of excess.

³ Minimum of 3 bedrooms per family unit.

⁴ Minimum of 4 bedrooms per family unit, or minimum of 3 bedrooms per family unit in geographic area where Commissioner finds cost levels so require.

⁵ Minimum of 4 bedrooms per family unit in geographic area where Commissioner finds cost levels so require.

I can appreciate the many hours of hard work the Banking and Currency Committee has spent perfecting the many improvements this bill seeks to write into law, but I submit that we must be realistic about the price of real estate today in considering this legislation.

I cannot help but feel that the goal of this is to put the greatest number of people possible into the best housing possible.

The adoption of this amendment, concerning which most of you have received telegrams from your local home builders, will mean the difference between the factory worker and the lower-paid white-collar worker owning his own home or paying rent for the rest of his life.

Mr. JAVITS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I had the same amendment to propose to the committee and I am very glad that my colleague has proposed it and has already made an explanation of it. I think, if my colleague will agree, there are a few things which should be added in order to buttress the case for this amendment, which I think is a very strong one.

We are relying upon the home building industry to build very much more than it did before. I call the attention of the committee to the statement of the witness, R. G. Hughes, president of the National Association of Home Builders, at page 597 of the record where he says:

Given the assistance which this bill provides with the amendments outlined in principle on the following pages, etc., we believe the home building industry can provide an average of 2 million new or new conditioned homes each year through a combination of increased production of new homes and the rehabilitation of structurally sound existing homes.

Mr. Chairman, I submit that it is our desire to hold the home builders to this

assurance and we should give them what they have asked of the legislative committee so that they can do the job which we and the country want them to do.

It seems to me that we would be arguing about very little—a \$400 reduction in downpayments for houses worth over \$8,000—if we offered them a reason why they could claim they could not meet the goal of new housing starts which we are very anxious that they should meet.

One other point upon this particular amendment. Mr. Chairman, it is a fact that home buying today is very heavily in the hands of veterans who, in the main, need to make no downpayments at all under the Federal mortgage guaranty system. Yet, it is very much outside the hands of those who are not veterans. For example, in the Levitt organization, to which Mr. BROWNSON referred and from which I have ascertained these figures, 99 percent of all their sales—and theirs is considered a very representative buy in housing—99 percent of their sales are to veterans. There are 20 million veterans in the country, but there are over 60 million citizens who are gainfully employed. We are shutting out the market, very substantially then to two-thirds of our people, unless we bring these downpayments down. Certainly we want to do whatever we can to encourage home ownership.

Finally, Mr. Chairman, the optimum house in our country now is the \$12,000 house. Ten years ago the optimum house was the \$6,000 house. But the downpayments do not bear the same relationship to the new price of the same house as—in view of the rate of increase in the consumers' income—they did 10 years ago. Consumer incomes have doubled over 10 years ago and what they are

now. Yet the downpayment on an FHA-mortgaged house under the law today and as it will be when we pass this bill, unless the discretion to set mortgage amount limits now in the bill is eliminated, is 4 or 5 times what it was 10 years ago.

Under the amendment offered by my colleague from Indiana we will bring the downpayment in focus, because we will make it double what it was 10 years ago, which is just exactly the right relationship to the incomes of the people who are buying the homes.

I think this is an extremely desirable amendment. It will help us accomplish our purpose, to put this enormous assistance into the economy and hold the home builders to their assurance that they can build the homes if we give them the tools. This is certainly a very modest kind of amendment to make upon their representation that this will give them a tool which they urgently need.

Mr. Chairman, I hope the committee will vote the amendment into the bill.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, because of the rush to get this bill passed and because the amendment I propose comes at the end of the bill I want to explain my amendment at this time.

Mr. Chairman, the provision in this bill for public-works planning is so puny and undernourished it is pitiful.

I apologize for even entertaining the thought and I am sure it is unfair to voice it out loud because it cannot possibly be true, but I keep thinking in the face of a proposal like the present one in this bill for advance planning—and in the face of a lot of other things going on in this administration—that the President's advisers are acting as if they expected a couple of hydrogen bombs to wipe out the world any day now. If we are all going to be atomized or hydrogenated and the planet is going to disappear, why it does not make any sense to be worrying about unemployment or the people's housing needs, or businesses going broke or people going jobless and hungry. In that case we should all be in church and stay there. But of course we are not planning on having the world end this week or next, or even in the 1955 fiscal year, and so we should pay some attention to what is going on in this country in our economy. For instance, we have this mounting unemployment which gets worse by the day—and nothing is done about it. Nothing.

WHICH MARCH DID THE PRESIDENT MEAN—THIS YEAR OR SOME OTHER?

March was to be the key month in the administration's planning—the month to tell whether we get serious about fighting recession or keep on playing tiddly-winks. But virtually every one of the 149 major labor-market areas in the country—virtually every one—had adversely affected employment conditions between mid-January and mid-March, according to the Government's own Bureau of Employment Security. We now have 34 major labor-market areas in the distress category, with substantial labor surpluses—that is fancy language for big unemployment—with 14 of them

added in recent weeks. Let me repeat some of the areas newly added to this distress list: Charleston, W. Va.; Portland, Oreg.; Chattanooga, Tenn.; the Duluth, Minn.-Superior, Wis., area; the Huntington, W. Va.-Ashland, Ky., area; Paterson, N. J.; Racine, Wis.; San Antonio, Tex.; the Wheeling, W. Va.-Steubenville, Ohio, area, part of it in my congressional district; Detroit, Mich.; Battle Creek, Mich.; Toledo, Ohio; South Bend, Ind.; and the farm-equipment center of Davenport-Rock Island-Moline in Iowa and Illinois. In addition, 12 smaller labor-market areas were added to the list. Hartford, Conn., which had been the only area of tight labor supply in the country, is no longer that tight—it has a balanced labor supply. And moving from balanced to a moderate surplus classification were such places as Akron, Cincinnati, Cleveland, Columbus, Youngstown, and the Lorain-Elyria area of Ohio; San Diego; Bridgeport, Stamford, Norwalk, and Waterbury, Conn.; Miami; Macon, Ga.; Aurora and Rockford, Ill.; Lansing and Saginaw, Mich.; Omaha; Buffalo and Syracuse, N. Y.; Charlotte, N. C.; Allentown and Bethlehem, Pa.; Aiken, S. C., and Augusta, Ga.; and Houston, Tex.

In the face of that situation, the administration comes in here with a pitiful proposal for \$10 million in advances to local and State agencies for public works advance planning—and then, to boot, makes Federal agencies also eligible to draw on this measly fund. The committee majority says this could finance the planning of construction to a total value of \$660 million which is a drop in the bucket to what would be needed in the way of ready projects if we really went in for public works.

My amendment doubles this figure. It also provides \$10 million instead of the \$5 million proposed for technical aid to the smaller communities under 25,000 population in drafting their plans.

I say this, Mr. Chairman: If we are serious about having the weapons to fight recession, then let us provide them. Let us be ready rather than sorry. We are offering to spend pennies, that is all, to do a monumentally big job. Let us stop kidding ourselves.

BUSINESS FAILURES SOARING

In this connection, I have some more gloomy but not necessarily doomy statistics to give the House, Mr. Chairman. I have over a period of time taken it upon myself to keep the House advised of the mounting mortality rate for small businesses as reflected in the weekly reports on business failures.

The last figure, for the week ended last Thursday, was a hefty 277—the highest weekly figure in years, up about 14 percent from the previous week's 243. A year ago it was 188. So it is running 47 percent ahead of last year.

Now let us not call this a depression, because it is not. It is just a bad kick-in-the-teeth economically to a lot of people in this country who had the good American get-up-and-go to go into business for themselves, and now they are losing their shirts and are right in the wringer with their shirts. But it is not a depression.

When we talk about depressions, we mean not 277 business failures a week but more like 650 or 700, which was the average back in 1932. So we still have some heavy going-broke statistics to compile before we can call it a depression. We all hope to high heaven, and I say this sincerely, that we do not see another national calamity like that in the United States, but believe me, unless we take some prompt and decisive action, we are headed right down that catastrophic path.

WORST MONTH IN 12 YEARS

The figures on business failures for the entire month of March are not in yet—they will probably be out in a day or so—but I think I can safely predict on the basis of reports made so far that the March total will go over 1,000 for the first time since March 1942, and for only the second time since May 1941. Never in the worst months of the 1949-50 downturn did any month show as many as 900 business failures. But we exceeded 900 in February of this year and March, as I said, will probably go over 1,000.

So far during March, the Dun and Bradstreet reports week by week have shown a total of 972, taking it only to March 25. So at the rate we have been going, it is almost certain to exceed 1,000. Let me point out that if we experience a business mortality rate like that for 12 months, we will be matching, or coming close to matching, the top yearly figures all the way back to 1934.

But that is still not a depression—in the Hoover regime businesses were going broke and bankrupt at a rate of 28,000 and 30,000 or more a year, and then they were not even counting in all of the types of business failures that have been included in the statistics since 1939—that is, voluntary discontinuances with loss to creditors.

The March 1942 figure I mentioned—which was the last time before this month that we had as many as 1,000 in 1 month—a lot of businesses had to quit overnight either because of materials shortages, limitation orders, or the drafting or enlistment of their owners. None of these factors enter into the record for March 1954.

One last word, Mr. Chairman. The President said, at his news conference last week, that we are not in serious enough economic trouble to warrant the use of slambang measures to combat it. I do not know exactly what he means by "slambang," but I take it he means any real action.

Well, Mr. Chairman, if we are not deep enough yet in the hot water to have slambang, how about at least some "pitty-patty" to fight recession? How about something?

Let us start with doubling this pitiful little figure of \$10 million for public-works planning, as I propose in this amendment. Let us provide funds to plan not just for \$600 million worth of public works but for a more realistic figure of \$1,500,000,000. The gentleman from Pennsylvania [Mr. KELLEY] has introduced a popular bill on which a number of other Members are cosponsors for a \$6½ billion Federal-local public-works

program. Pending action on that, let us at least start the wheels moving on some up-to-date engineering designs on needed projects, so that they can be thrown into construction immediately whenever any funds for that purpose should become available.

This is not slambang. But it is not, either, snooze and snore. We have had too much snooze and snore in the administration and Congress over the unemployment problem. And the payoff came Wednesday when the House voted to cut the President's Council of Economic Advisers—the agency which is supposed to keep its pulse on the economy and suggest measures to assure full employment.

What we are getting is full unemployment. And every day it gets fuller.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. MERRILL. Does not the gentleman realize that the school program similar to the defense impacted area program is a matter for local planning, and right now so far as the school program is concerned, the local governments have plans ready for that program. Does not the gentleman realize that this is not the exclusive planning agency for the public-works program, and that engineers would be planning many of the major public-works programs and that the highways would not be planned under this section. This is not an exclusive program.

Mr. HAYS of Ohio. I realize that, but I would like to point out to the gentleman that in many instances and in many States under State law, let us take the schools first specifically, you cannot draw up your blueprints and hire your architects and get your design ready until you have the money. In many cases, you cannot have the money until your bond issue is voted. But, under this very program, and it has happened many times in the past, a school district is unable to get its plans ready so that if there is a public-works program inaugurated in which the Federal government would participate, they can go to the polls and pass their bond issue and be ready to go the minute the bond issue is passed. That is exactly what I am endeavoring to do by increasing this amount in the amendment I will offer.

Mr. JONES of Alabama. Mr. Chairman, I move to strike out the last word.

(Mr. JONES of Alabama asked and was given permission to revise and extend his remarks.)

Mr. JONES of Alabama. Mr. Chairman, I want to direct the attention of the committee to section 904 which provides for the continuation of the rural housing provision as contained in the act of 1949. The general provisions of that section, I think, are well known. Certainly, they have been well received by the farm people throughout the country. In my own State every year the funds allocated for the rural housing program have been pledged or exhausted within 60 days. It has been a remarkable program, Mr. Chairman, and I am sure that every Member who participated in the support of the rural housing provisions

applauds the accomplishments made under the terms of that act. There have been 19,082 farm families to obtain loans for the improvement of their rural homes and appurtenances belong to the farm. When the Congress established a rural housing program we took into account that we already had an existing agency, the Farmers Home Administration. We did not create a new agency to administer the program. The Farmers' Home Administration operates in every county in the United States and each county FHA has a group of local farmers on their committee who determine whether the individual applicant for a farm housing loan could qualify. They took into account the farmers ability to repay and his ability to carry out sound farming practices.

The administration of this program on the local level has insured its success. In view of the fact that the housing act expires this year, I was apprehensive for a while since the budget failed to make a request for funds for rural housing. There has been no statement forthcoming from the administration as to whether it intended to pursue the rural housing program, but I was somewhat consoled by the statement of the Secretary of Agriculture in an address at Tuskegee, Ala., where he stated that this program would be continued. I am delighted to see that there will not be any neglect.

I understand there has been some slowdown in making these loans available. As I recall, we have on hand now approximately \$3 million. I hope that those funds that are now being held will be put to use to carry out the rural housing program. It has been a wise policy for the Government to continue to give farm people the same opportunities as urban families to have better homes, to create a better way of life, and to increase their economic standards.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. JONES of Alabama. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection?

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, we have been importuned to finish this bill today. Although I do not feel constrained to object to a continuance, after all the gentleman is talking out of order, and I think I shall have to object to it later on.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. JONES of Alabama. Mr. Chairman, the original act authorized appropriations of \$275 million for farm housing purposes. Only about a third of this amount was actually made available. The general curtailment of nondefense Government expenditures associated with the Korean campaign, as well as certain building-material shortages that existed in past years, are the principal reasons why the farm housing program did not reach its anticipated volume. The amount available for the 1954 fiscal year was \$19 million. The demand for

these loans was so great that almost all of the funds were committed within 6 months. The Farmers' Home Administration has received thousands of applications that now are unsatisfied because the farm housing funds were exhausted at such an early date.

Nearly 19,082 farm families as I pointed out earlier, have benefited from the \$94,356,000 of farm housing funds that have been made available. With these funds they built or repaired over 16,000 farm homes, almost 14,000 farm service buildings, and 7,200 water systems. In my home State of Alabama, 724 families have received farm housing loans to build new and modern homes and 208 additional families repaired and modernized their homes. In addition, 368 farm service buildings and 623 water systems have been financed with farm housing funds. Through December 31, 1953, \$5,509,475 had been loaned to Alabama farmers for these purposes.

This is a mere beginning in solving the problems of substandard housing on our Alabama farms but it does demonstrate the effectiveness of the farm housing loan authorities in meeting a critical need of farm families for construction credit.

That Alabama farmers want better housing is shown by the fact that the demand for these loans was so great during the past year that 80 percent of the funds allotted to Alabama were obligated within 2 months.

The cost of these new homes has been exceptionally low. To a person accustomed to the price of city homes, it seems almost unbelievable that farm families should be able to build good, substantial homes at an average cash outlay of less than \$6,500. While these homes are modest in design, they do meet all the generally accepted requirements of decent, safe, and sanitary living.

Low cash cost, when compared with similar urban homes, results from a number of reasons. One is the fact that there is no land cost involved. Another is that the borrower and his family ordinarily are able to contribute a substantial amount of labor, and a third is that in many cases borrowers have been able to utilize such materials as timber, sand, gravel, or stone from their own farms or else obtain such materials from local sources at a low cost.

Low cost, however, does not mean low quality. Each of these homes is required to meet the construction standards of the Farmers' Home Administration. These standards protect the borrower against faulty construction and the Government against an unsound investment. The standards are flexible enough to permit a farmer to use his skills and ingenuity to build at minimum cost the kind of a home of which he and his family are justifiably proud.

In addition to providing financing for farm homes the farm housing program offers farm families an opportunity to build or improve service buildings needed to put their farms on a paying basis and to operate them more efficiently.

A fourth of the farm housing funds have been used for purposes such as

building dairy barns and milking parlors, general purpose barns, poultry houses, and for installing water systems. While this has not been the largest field of activity of the housing program, it has been a highly significant one. Through it some farmers have been able to put their units on a paying basis; others have been able to make necessary changes in their farm buildings to meet the changing requirements of our present-day agriculture; and others have needed to change their building facilities to use more efficiently their family labor and their land.

The nature of the farming business—one in which the family home and income-producing activities are inseparably joined makes this authority an important phase of our farm-housing program.

The level of living of farm families depends upon the productivity of their farm. When through the addition or modernization of farm-service buildings farm families of moderate means, such as the ones to whom farm-housing loans are made, are able to increase their income, they are better able to pay the cost of a decent home.

These housing loans to farm families who are unable to obtain their credit from the usual sources are sound investments. During the 4 years that the farm-housing program has been in operation, borrowers have established a commendable repayment record. As of January 31 of this year, less than 5 percent of the borrowers had not paid in full the amounts that had become due on their loans. Approximately one-third had paid more than was due.

I am particularly proud of the repayment record established by the borrowers in Alabama. Of the almost 1,000 farm-housing borrowers who had payments due at the end of 1953, less than 1 percent had not paid the full amount due on their loan by January 31, 1953. These few are the families who did not have sufficient resources to meet the credit requirements of conventional lenders for a construction loan. However, as soon as they make sufficient financial progress to qualify for a loan from another source they will be required to refinance their Government loans with private or cooperative lending institutions. They only need adequate credit on reasonable terms and an opportunity to prove that they are good credit risks. When the construction work is finished and the loans become seasoned, private credit agencies can and will carry the remaining debt.

The farm housing program is not in competition with private and cooperative credit, but rather it is an integral part of our total credit system that will enable farm families to have homes comparable to those enjoyed by city residents. I think we will all agree that a high percentage of our city families are well housed today because they have been aided in their home purchase or improvement through Government financed, insured, or guaranteed programs.

I take considerable pride in the fact that it was an Alabama World War II

veteran who received the first farm housing loan made under the Housing Act of 1949. I wish all of you could have seen the transformation that took place on his farm when the ramshackle and dilapidated house that was too worn out to repair was replaced by a modern six-room home complete with running water, bath, and up-to-date kitchen.

Both the appearance of the farmstead and the efficiency of the farming operations were further improved by the addition of a new barn and the installation of a pressure water system.

All this was done with a \$4,300 farm housing loan coupled with careful planning to use most advantageously the materials that could be salvaged from the worn-out buildings that were replaced.

I mention this first farm housing loan because it is both a typical example of the shocking condition of many of our farm homes and a dramatic demonstration of how such a condition can be remedied by a soundly conceived and efficiently administered farm housing program.

Although the inadequacy of farm homes has been less conspicuous and perhaps less publicized than the slums in the cities, a far greater percentage of our farm families are living in substandard houses than is true of urban families. Nationwide 1 out of every 5 farm families is living in a house that is so dilapidated that it either needs to be replaced or else needs major repairs. In Alabama only 1 farm family out of 12 has the commonly accepted convenience of a private toilet, bath and hot running water. One out of 4 families live in homes having less than 4 rooms. A high percentage of Alabama farm homes are not only inadequate, but 1 out of every 3 needs major repairs or needs to be replaced.

The economic and social problems associated with inadequate housing on a fifth of our Nation's farms are too great to be brushed aside. The idea that privation and hardship necessarily are a part of farm life was commonly accepted during the years when our country was being settled, but today farm families want, and I believe they are entitled to it, the same conveniences that city people enjoy.

Farm families for one reason or another frequently have deferred home improvements until they had paid for their farms. The idea has prevailed among both farmers and lenders that the house was something to be improved out of savings and that it wasn't prudent for the farmer to borrow to give his family a decent home. This postponement of home improvements frequently extended beyond the years of greatest family need—the years when the children were at home. Particularly during these years, the household duties of farm wives meant hard labor and drudgery without such commonly accepted conveniences as electricity, running water, and efficiently designed and equipped kitchens.

This postponement of home improvements was largely because of economic necessity and not by choice. All too frequently farm families never did accumulate enough money to build a decent

home. The possibilities of obtaining a long-time amortized loan to build a new home were exceedingly scarce; consequently, many of these families were forced to patch and continue to live in rundown and inadequate homes.

Today, farm families no longer accept the notion that because they chose farming as a way of life they need to live in homes that are inconvenient and inadequate. To the extent that private and cooperative credit sources can meet the building credit needs of farm families they should be encouraged to do so. Government loan guaranties and insurance have encouraged private capital to finance improved housing for our city families on a substantial scale. When private credit was not available direct Government loans have been provided. What farm families want and need is a like opportunity to finance farm building improvements.

The farm housing section of the Housing Act of 1949 gives this opportunity to the farm families who cannot obtain their financing from private or cooperative sources. The limited funds that have been made available under this act have proved its effectiveness in helping farm families in modest means improve their homes. We need to extend these authorities. They are an essential part of our national housing program which has as its objective the progressive improvements of our housing standards with the eventual realization of a decent home and suitable living environment for every American family.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, a reference to the schedules on page 4 of the report will indicate what would happen should we increase this 95 percent insurance formula from an \$8,000 maximum to a \$10,000 maximum. It will mean that we will have to be governed accordingly in the scale all the way from \$8,000 up to \$24,000. We do not know where that would bring us because we have not had a chance to figure it out.

Let me comment upon the fact that the President's Advisory Committee on Government Housing Policies and Programs, set up last year, worked days on this problem of creating a well-adjusted program safe for the Government and, of course, there is a contingent liability in all of this insurance which they tried to reconcile with the desire to do the very best that could be done for the home purchaser.

At the present time it would make this difference: Under existing law—and I might say that under existing law and it has been traditional for a good many years—10 percent downpayment was considered the fair and equitable safe equity which the person who purchased

a home should have in the home. With this equity he had an interest in it, he had an investment in that home. So, under existing law, on one of these \$10,000 units the homeowner would have to put up a downpayment of \$1,250. We have reduced that in this bill by over \$300 to \$900. So if this amendment is adopted as written, the purchaser of a \$10,000 home would have to put up only \$500.

I think we should be very reasonable in these respects but we should not provide that the Government take virtually all the risk. The Government cannot afford to create unnecessarily a burdensome and inequitable contingent liability.

The language of the bill as opposed to the amendment is in compliance with the recommendation made to the President by this Advisory Committee. It is the program which is submitted to us by the President himself. It is the program which the Banking and Currency Committee after 3 weeks of debate agreed upon as being the correct one.

The amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. BROWNSON].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 62, noes 64.

Mr. JAVITS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WOLCOTT and Mr. BROWNSON.

The Committee again divided; and the tellers reported that there were—ayes 102, noes 93.

So the amendment was agreed to.

Mr. MULTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this was the first amendment to this housing bill. When I say "housing," I quote it, and have some reservation as to whether or not it is a housing bill, containing some 226 pages of which 119 pages are new matter, about which we are about to offer some amendments.

Mr. Chairman, this housing bill can very easily be made a housing bill that will produce housing. We know that the building industry in this country can be the backbone of our economy, as it has been. When the building industry of the country is flourishing, all of the trades of the country flourish; skilled and unskilled labor is working; the material and supply men are preparing materials and selling them, appliances are manufactured and sold. So, I say that this housing bill can very easily do a very good job for the economy of the country and continue its prosperity, provided the bill is improved so as to accelerate the housing program, to provide more money for the homeowner so he can buy the house and to produce the home that he can afford to buy or rent as the case may be. As the bill is presented to us now, it will do none of those things, and I do trust that as the amendments are offered from time to time they will have the consideration of the House and we will eventually get a good housing bill from this House that will produce some housing.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 110, strike out lines 1 to 9, inclusive, the words beginning with "And provided further" to and including "maximum amount."

Mr. MULTER. Mr. Chairman, the language I seek to strike out on page 110 is part of section 104 of the act and appears in somewhat identical language in six other places in the bill.

May I ask unanimous consent that we consider the amendments at all of those places either now or at a later time when those pages are read, whichever would be the proper procedure? If the language is the same, the arguments necessarily would be the same and they should be considered together.

The CHAIRMAN. If the gentleman submits a unanimous-consent request to that effect the Chair, of course, will put it.

Mr. MULTER. Mr. Chairman, I ask unanimous consent that we may now consider this amendment, together with similar amendments, which I shall send to the desk, addressed to pages 117, 120, 125, 127, and 150. I ask that they all be considered together.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. MULTER]?

Mr. WOLCOTT. Mr. Chairman, I should be constrained to object, because we have not learned yet what this is about and we do not want to complicate the situation any further.

The CHAIRMAN. Objection is heard. The gentleman from New York [Mr. MULTER] is recognized.

Mr. MULTER. Mr. Chairman, the language that is sought to be stricken from the bill by this amendment reads as follows. It is at page 110, section 104. It is an amendment to title II of the National Housing Act. It appears at lines 1 to 9 and reads as follows:

And provided further, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount.

If any of you ladies or gentleman who are not members of the Committee on Banking and Currency are wondering what that language means, let me assure you that we, on the committee, also had much difficulty trying to unravel it. I think it took some of us 3 weeks to find out what that complicated language meant.

You have been told that this bill is going to increase the maximum amount of mortgages; it is going to increase interest rates; it is going to increase maturity dates; and it is going to do a lot of other things. But nobody has taken the time or the trouble to tell you that this complicated language that I just read, which appears in seven different places in this bill, means just this: That

from here on, if you pass this bill, the President is to have full control of all the credit involving real estate. I doubt whether that is a good thing to do. I do not impugn the motives or the good faith of our President. I think he intends to do as good a job as he is capable of performing and that he is going to do it in the best interest of the country as he sees it.

Let us see what this does. But do not take it from me. Take it from a gentleman whom I highly respect and I am sure you highly respect as a man who knows finances, who knows banking and currency and banking and currency committee work. And he knows about credits.

I read from page 11761 of the CONGRESSIONAL RECORD of August 3, 1950:

During the Second World War no one was given authority to control real estate credit. It was not considered necessary, because through allocations and priorities, through the fact that it was impossible to set ceilings on presently existing real estate, no one could suggest language which would do the job which it was wanted to have done.

This complicated language apparently is being used or sought to be used to do it now. I continue to read from the same page:

What it does—referring to real estate credit—is to confine the control of credit to new construction, and the substantial remodeling of existing property or the repair of existing properties.

Then again in the debate on the same bill, a little later, on August 9, 1950, at page 12131 I quote the same gentleman:

Mr. Chairman, this is the 3rd attempt which has been made in 15 years to control the life blood of the American economy, to control all credit. It is traditional that when anyone seeks to control the life blood of the American economy—credit—we repudiate it, that we not give it to those who seek it. During World War II we confined ourselves to the control of consumer credit. The authority to control consumer credit should remain in this bill—

Meaning the bill they were then talking about.

Then he says:

Now, for the preservation of the American system, for the preservation of the free American enterprise system, for the preservation of the American way of life, this amendment should be adopted.

That was the amendment to eliminate control of credits.

Every word the very distinguished gentleman from Michigan [Mr. WOLCOTT], the chairman of the Committee on Banking and Currency, said in 1950 applies with equal force to any attempt today to give anyone in Government control over credits. I seek by this amendment to strike out of the bill any attempt to give the President control over real estate credit. I think it is wrong. It should not be done. We can set standards in this bill, good standards, proper standards within which to keep our real estate credit. Let us not give away the right to legislate for all time on credit controls to any one person in Government. Do not let them tell you that this is like the bill we tried to pass in 1953. That was to give the President standby controls during an emergency. The

President said he did not want them during an emergency. You agreed with him then. He should not ask for it in this permanent legislation.

Mr. WOLCOTT. Mr. Chairman, I believe this is perhaps as good a place as any to bring this to an issue, to find out what we might do in respect to the other similar provisions of the bill.

It is true that there is a certain amount of flexibility in this program, but there is, nothing to the contrary notwithstanding, no regulation X in this program. I am not going to take the time to answer the charges made in the minority views in that respect because it is not important enough, but I want to point out that this bill is designed to fit housing into the American economy. If we had had this flexibility in the veterans' program last year or the year before that, there would not have been any stymieing of the veterans' program. We all recall that for a year previous to the exercise of judgment by the Secretary of the Treasury and the Veterans' Administrator last year the Veterans' Administration program of housing guaranty was at a standstill and veterans could not get financing of homes under the GI bill of rights.

This amendment directed at removing flexibility is likely to draft into this bill the same conditions which could cause a similar stymieing not only of the GI program in respect to housing but the FHA program in respect to housing, nothing to the contrary notwithstanding.

It is amazing to me that some of those who in recent weeks have decried the fact that we are having a recession, not a rolling adjustment, that they contend might lead to a depression, would deny the President of the United States the facilities to prevent this. I cannot understand them. But we, who have some responsibility for the economic stability of the country as well as the housing program, can see the desirability of tying all of these programs into the economic situation, so whether it comes 1 month from now or whether it comes a year or 5 years from now the tools will be available not only to prevent a recession but to prevent new inflationary trends should they occur.

This program is designed to do that. That part of it was commented upon favorably by the Council of Economic Advisers, and approved by the President. It was in substance approved by the Joint Committee on the Economic Report as part of the machinery which could be put in motion to meet these situations. That is why it is in this bill. If the time ever comes when home construction is slowing down and a recession is being influenced by the slowing down of home construction, the President then could use these powers to prevent that situation from getting out of control. It would probably result—it could well result—in hundreds of thousands of homes being built that would not be built otherwise.

HARD-MONEY, HIGH-INTEREST POLICY

Mr. PATMAN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the gentleman from Michigan has made some very strong

arguments in the past in opposition to the very authority which is now attempted to be given to the President. If I felt that the President himself would exercise this power and authority, I would not oppose it. But I know as well as every other Member in the House knows, the President cannot exercise these powers personally and he must delegate the power and the authority, which we give to him, to others. In this case it refers to credit. Everyone knows that Dr. Randolph Burgess was brought into the administration even prior to the time that the President took the oath of office on January 20, 1953, to be the architect of the money policy of this administration. A special place has been created in the Treasury Department for Dr. Burgess. He has a place which is second to the Secretary of the Treasury. The unusual situation is that Dr. Burgess has power and authority—administrative power and authority—over everyone immediately below the Secretary of the Treasury, and at least 4 of the people under him, and possibly 5, but at least 4, must be confirmed by the United States Senate. But Dr. Burgess was brought into the administration in a way so that he is not confirmed by the United States Senate. So he is the unconfirmed Deputy Secretary of the Treasury, and being the unconfirmed Deputy Secretary of the Treasury, he is the one who will exercise this power and authority, which would be given to the President under the terms of this housing act. It is for that reason that I shall oppose it. In other words, there are certain things that the Congress should write into a law itself. One thing is the interest rate. There is no reason why that should not be specific, positive, and definite, as we have done in the past on interest rates on mortgage loans for veterans. It was 4 percent. That could be raised to 4½ percent under certain circumstances and conditions. By reason of those circumstances appearing, the interest rate was actually raised to 4½ percent. That is all right; it is within the law. It is true that it should be reduced now for the same reason that the rate was raised to 4½ percent then. But it has not been reduced. We should have government by law and not by men. We should not put these elastic phrases in a law where we can be more definite and positive in the writing of that law. The interest rate should be written in in a positive and definite way and other terms and conditions concerning credits should be definite and positive. For that reason this provision should be stricken out. Dr. Burgess is the man who caused Government bonds last year to go down and down and down to 89 and the interest rates went up in proportion, almost 3 percent on 2½ percent bonds.

It was by reason of that hard-money, high-interest policy that the administration was forced to reverse itself and take an about-face in order to cure and correct the philosophy of Dr. Burgess. Dr. Burgess was all right as a college professor or as an adviser to some president of a bank, but in running the monetary policy of the Government he has proven to be an absolute failure. An outstanding

boner by Mr. Burgess is the 3.4 percent interest rate. Those bonds are now selling at a premium of \$9 per hundred. That is an outstanding boner of Mr. Burgess. Therefore, we should not give more power and authority to a person who has demonstrated his ability and desire—I do not say intentionally, but by his actions in effect to absolutely ruin our country.

DEMOCRATS AGAINST HARD-MONEY POLICY

The Democratic Members of Congress denounced the hard-money policy from its beginning, in the early part of 1953, and offered a resolution—which I introduced—to change the hard-money, high-interest policy back to monetary stability and to right the wrong that was being perpetrated on the holders of Government bonds, who were being offered 89 cents on the dollar for them.

The administration's hard-money, high-interest policy, which was so aggressively and effectively enforced the first 6 months of 1953, is still with us, and will remain with us for the next 20 years. This is causing more money to go into the hands of a few people who do not need it and will not use it. It causes less money to go into the hands of those who need it as purchasing power and who would use it to consume available goods and services that would make our economy stronger.

WING CLIPPING ONLY INTENDED

Hard money was intended only to clip the wings of the goose that lays the golden eggs, but nearly killed the bird instead. If we Democrats had not been effective in opposing this terrible policy, they would have killed the bird.

Immediately after the present administration took office, the unconfirmed Deputy Secretary of the Treasury commenced the administration's hard-money, high-interest policy.

Interest rates were raised on the Government debt by three-quarters of 1 percent by the issuance and sale of 30-year Government bonds at a rate of 3¼ percent. When this pattern is put into effect on the entire debt, it will raise the cost to the taxpayers by \$2 billion annually.

This issue is now selling at a premium of more than \$9 on \$100, or a capital gain at present prices of \$108 million for a favored few, on a short-time investment. It is properly referred to as the "Humphrey-Burgess boner."

This action resulted in an increase in all other interest rates from home loans to installment purchases, which will cause devastating effects on our economy for years to come.

The golden eggs laid by the production goose are ineffective, unless there are sufficient golden eggs laid by the purchasing-power goose to permit the consumption of the production.

It is not difficult to restrict business by tight-money measures, but once business has been restricted, it is difficult to expand it by easy money.

They curbed the boom, but found they had not substituted price stability, but rather had started a recession. The dollar is worth less today than a year ago and there are fewer dollars.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WICKERSHAM. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WICKERSHAM. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Alabama [Mr. RAINS]. The views of the American Legion of Oklahoma and the Home Builders Association of Oklahoma have been made known, as follows:

LAWTON, OKLA., March 29, 1954.

Congressman VICTOR WICKERSHAM,
Washington, D. C.:

Housing bill goes to House floor for action Wednesday. First, House committee approved 3-percent FNMA investment requirement. We strongly advocate 2 percent to prevent excessive discount for use of new facility. Second, existing 1-for-1 plan ended by bill. A new 1-for-1 authorized based on new FNMA portfolio which may take a year or more to be effective. To bridge gap we advocate continuation of existing 1-for-1 based on present portfolio. Third, limitation on new FNMA purchases to those loans of type generally bought by private investors would destroy effectiveness of FNMA as secondary market support. Fourth, downpayments based on 95 percent of \$8,000 are inadequate and should be changed to 95 percent of \$10,000. Imposition of administrative discretion over downpayments, amortization terms, and mortgage amounts will seriously interfere with sound, long range planning and should be stricken. Possible committee floor amendments will be agreed upon next 2 days. Urge you contact the chairman and members of the House Banking Committee immediately and sell these points. We are depending upon you. Thanks a million.

W. H. HOUSE,
President, Lawton Home Builders
Association.

My reply is:

WASHINGTON, D. C., March 30, 1954.
Mr. W. H. HOUSE,
President, Lawton Home Builders Association,
Lawton, Okla.:

Reurtel am in accord with your recommendations. Have contacted chairman and members of committee. Will be uphill fight but am doing my best. Regards.

VICTOR WICKERSHAM,
Member of Congress.

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMISSION,
Washington, D. C., March 29, 1954.

Re H. R. 7839, Housing Act of 1954

Hon. VICTOR WICKERSHAM,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN WICKERSHAM: As you know, the bill H. R. 7839, commonly referred to as the Housing Act of 1954, was reported out by the House Banking and Currency Committee on March 28, 1954, and is scheduled to come up for debate on the floor of the House on March 31, 1954.

The American Legion strongly opposes certain provisions of this bill, namely, sections 201 and 201 (1) having to do with fixing interest rates on Veterans' Administration mortgages, and section 901, which has to do with veterans' preference in obtaining war housing.

Under sections 201 and 201 (1) the President would be given power to fix interest rates from time to time, but not in excess of 2½ percent above the annual yield of

marketable obligations of the United States having a maturity date of 15 years or more.

Attached please find a memorandum showing the American Legion's objections to this method of fixing the interest rates on veterans' mortgages.

The American Legion also objects to the provisions of section 901 of the bill on the ground they fail to give veterans the same preferences in the purchase of war housing as are contained in the present laws. I attach a separate statement giving our objections in further detail.

Appreciating your interest in the protection of qualified veterans, I know these objections will receive your serious consideration. I respectfully request that when H. R. 7839 comes up for consideration in the House you will vote to strike sections 201, 201 (1), and 901 from the bill.

Thanking you for your favorable consideration of this request, and with kindest personal regards, I am

Sincerely yours,

MILES D. KENNEDY,
Director.

WHY THE AMERICAN LEGION OPPOSES SECTIONS 201 AND 201 (1) OF H. R. 7839 (INTEREST RATES ON VA MORTGAGES)

1. We believe in the maintenance of a separate housing program for veterans under the sole jurisdiction of the VA; we want the present policy continued.

2. The power to regulate interest rates should remain in Congress.

3. We submit that the phrase contained in section 201 "the President is hereby authorized, without regard to any other provision of law" is too broad and that only specific authority should be granted, not only to the President, but to any other Government official who may be concerned.

4. These sections are bound to result in an increase in the interest rate, now fixed at 4½ percent in keeping with the provisions of Public Law 101 of the 83d Congress.

5. The proposed method of fixing interest rates would result in discrimination between veteran home purchasers, due to the fact the rates would vary from time to time, during the same year, depending on the average yield of marketable obligations of the United States.

6. This method of fixing interest is not practical from the standpoint of the veteran-mortgagor or the builder.

7. There is nothing to stop the rate from being increased to 6 percent any time the yield on Government obligations goes to 3½ percent.

8. The big-money interests will not be satisfied until they get the rate on veterans' mortgages up to 6 percent. They are not interested in the veteran as such.

9. The VA advises that the average loan to a veteran in 1953 was \$9,480, with a typical maturity of 20 years, and that had the interest rate in 1953 been 5¼ percent rather than 4 and 4½ percent (as it actually was), the veteran would have had to pay an increase in interest of \$70.72 for the first year, and \$932.83 additional interest over the period of his mortgage. At 5½ percent, 5¾ percent, or 6 percent the amount of interest will, of course, increase accordingly.

10. When the original Servicemen's Readjustment Act (Public Law 346, 78th Cong.) was written, a ceiling was placed on the interest rate on these mortgages in order that there might not be a prohibitive rate charged those who had served in the Armed Forces and for whom the legislation was intended to give some assistance in reestablishing themselves on a sound economic basis. Sections 201 and 201 (1) violate this principle in every respect.

11. Sections 201 and 201 (1) abridge the principle of veterans' preference, and should be stricken from the bill.

WHY THE AMERICAN LEGION OPPOSES SECTION 901 OF H. R. 7839 (DISPOSAL OF PERMANENT WAR HOUSING WITHOUT REGARD TO VETERANS' PREFERENCE HOUSING LAWS)

1. Under the provisions of section 901 (g) (new), the Administrator would be authorized to dispose of any permanent war housing without regard to the preferences contained in subsections (b) and (c) of the present law (Public Law 475 of the 81st Cong., p. 26).

2. Said subsection (b) of the present law states that preferences in the purchase of any dwelling designed for occupancy by not more than four families and offered for separate sale shall be granted to veterans over other purchasers for such period as the Administrator may determine and in the following order:

"(1) A veteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;

"(2) A nonveteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;

"(3) A veteran who intends to occupy a unit in the dwelling structure to be sold."

Subsection (c) of the present law grants first preference to groups of veterans organized on a mutual ownership or cooperative basis, etc., where a housing project is to be disposed of.

3. No such preferences are contained in section 901.

4. Section 901 would open wide the door for the elimination of veterans' preference in the disposal of permanent war housing.

5. It has been the experience of American Legion representatives that many officials of the Housing and Home Finance Agency have absolutely no regard for veterans.

6. While we have confidence in the present Administrator of the Housing and Home Finance Agency, there are too many employed in that Agency who feel that preference in the sale of surplus housing to veterans should be eliminated, and we fear those who would actually be responsible for the administration of the law would use this authority to gain their personal desire to deprive veterans of their rights to purchase surplus war housing.

7. We contend that veterans' preference has never hindered the sale of these properties or worked a hardship on the Housing Agency.

8. Stripped of its legal phraseology, section 901 is nothing more or less than a bold attempt to knock out veterans' preference in the purchase of defense housing.

9. Current economic conditions do not warrant a weakening of the preference laws granted veterans in the field of housing.

10. Section 901 abridges the principle of veterans' preference and should be stricken from the bill H. R. 7839.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The question was taken; and on a division (demanded by Mr. MULTER) there were—ayes 104, noes 112.

Mr. MULTER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. MULTER and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 140, noes 142.

So the amendment was rejected.

The Clerk read as follows:

SEC. 105. Section 203 (b) (3) of said act, as amended, is hereby amended to read as follows:

"(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any

event, 30 years from the date of the insurance of the mortgage: *Provided*, That the maturity of any such mortgage shall not exceed the maximum maturity prescribed therefor by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954, has authorized a greater maturity, in which event the maturity of such mortgage shall not exceed such greater maturity."

SEC. 106. Section 203 (b) (5) of said act, as amended, is hereby amended to read as follows:

"(5) Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market."

SEC. 107. Section 203 (c) of said act, as amended, is amended by striking out of the second sentence the word "Provided" and inserting: "Provided, That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: *Provided further*."

SEC. 108. Section 203 (d) of said act, as amended, is hereby amended by striking the period at the end thereof and inserting a colon and the following: "And provided further, That no mortgage shall be insured pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

SEC. 109. Subsections (f) and (g) of section 203 of said act, as amended, are hereby repealed.

Mr. MULTER. Mr. Chairman, I have an amendment which must be offered to section 104 at page 110, line 9. The Clerk was reading too fast for me to follow. I therefore ask unanimous consent to return to section 104.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 110, line 9, change the period to a colon and add the following: "and *Provided further*, the mortgagor shall agree (i) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (a) that the amount of the actual cost of said physical improvements (exclusive of off-site public utilities and streets and of organizations and legal expenses) equaled or exceeded the proceeds of the mortgage loan or (b) the amount by which the proceeds of the mortgage loan exceeded the actual cost of said physical improvements (exclusive of off-site public utilities and streets and of organization and legal expenses), and as the case may be, and (ii) to pay, within 60 days after such certification, to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, so certified to be in excess of such actual cost. The Commissioner shall construe the term "actual cost" in such a manner as to reduce same by the amount of any kick-backs, rebates, and normal trade discounts received in connection with the construction of the said physical improvements, and to include only the actual amounts paid for labor and materials and necessary services in connection therewith."

Mr. MULTER. Mr. Chairman, this rather complicated language must be offered in at least four other places in the bill in addition to section 104 which is now before us if we are going to improve this bill and make it workable and prevent it from becoming a builder's or speculator's bonanza.

The language seeks to prevent what is known in the trade as mortgaging-out. "Mortgaging-out" is the colloquial expression given to that process by which a speculative builder or speculative realtor goes in and purchases some land, files his plans and specifications to erect buildings and an estimated cost on the basis of which he gets a commitment for a mortgage. By playing around mathematically with his figures, sometimes drawing upon his imagination as to what he will give to the prospective home buyer, more often omitting in the final building some of the things called for in his plans and specifications, he gets a commitment for a mortgage which sometimes has run as high as 125 percent of the actual cost of the building. To be specific so you can follow me more closely, let me take as an instance a \$10,000 unit or house, where it may actually cost the builder \$10,000 for that house. He will call for, in his estimated cost figures, 25 percent or more over that, and then get a commitment for \$12,500 on his mortgage commitment instead of his actual cost. He will then complete the project at a cost of \$10,000, sell it over for \$12,500, and walk away out of his mortgage money with \$2,500 more than the actual cost.

The language that is being proposed is proposed for the purpose of stopping that kind of practice. It is not based on imagination of what may happen. It is based upon testimony that has been given to the committees of the Congress as to what has been done in the past. And, if you want to stop that kind of phony business, the only way you can do it is by writing into this law provisions such as called for by this amendment now before you. That will require the owner or builder, when he completes his project, to certify what it actually cost, and then if his cost is less than his estimated cost, his mortgage will be reduced accordingly. You probably will be told that this is going to stymie the program; it is going to hurt the GI's, and all of that nonsense.

There is nothing in this amendment directed against the GI's; there is nothing in this directed against the legitimate builder. Every legitimate builder and every legitimate financier who has come before our committee has told us you need something like this to protect the legitimate builder who wants to do a real job. If you want real housing, if you want to protect the home buyer, if you want to protect the Government's guaranty of its mortgages, you have to prevent the phony builder from operating. You have to prevent the phony builder cooperating with the phony mortgagee who will sell over the mortgage to the mortgage market for a house that is not worth what it cost.

Mr. BOLLING. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I am happy to yield to the gentleman.

Mr. BOLLING. The gentleman is aware, no doubt, that on page 6 of the minority report it is pointed out that:

When FHA title IX, as part of the Defense Housing and Community Facilities and Services Act of 1951, was adopted, it was amended with bipartisan sponsorship to require that the mortgagor certify upon completion of the physical improvements on the mortgaged property the amount, if any, by which the proceeds of the mortgage loan exceeded the actual costs of the physical improvements.

In other words, a provision very substantially the same as the amendment being offered by the gentleman; is that not correct?

Mr. MULTER. It is the identical language now being proposed. We found it necessary to do it in the Wherry Act. We found it necessary to do it in the defense housing. We got into it too late to try to prevent it in the 608 housing. If we are going to prevent that kind of thing, we must adopt an amendment such as this in each of the six places where it will be offered.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

I think there is an implication somewhere—and I surely would not charge the gentleman from New York [Mr. MULTER] as contributing to it; but I think his advisers perhaps should go into a huddle on it, because there is an implication in certain amendments which have been offered in the last 2 days, that there is a feeling somewhere that the Government assistance in financing of home construction should be completely scuttled.

Yesterday there was an amendment which would have severely crippled the proposed operation of the Federal National Mortgage Association, by prohibiting FNMA from selling its mortgages under par. The evil of that came from the fact that FNMA can buy under par, always has been able to buy under par. Assume, for instance, that it bought on a 5-percent discount, paid 95 percent, or a little more. The amendment proposed yesterday would have prohibited it from selling out at 99 and making 4 points profit.

I cannot imagine why some of the Members here voted as they did on that amendment.

Let us analyze this amendment before us. The mortgagor shall agree to make the certification. I ask you, in all fairness—and I suggest to the gentleman that he had better ask those who have been advising him on this in all fairness—is a mortgagor of a home in a position to tell the cost of each nail that went into that house? I ask anyone here, if you were to buy a house, would you be in a position to certify the actual cost of that house? If you happened to be the builder also, as well as the owner, you might be able to do it. But this amendment says the mortgagor, in order to get insurance, must certify to the FHA that the house cost so-and-so—lumber, cement, and so forth. The mortgagor, the person who is buying the house and giving the mortgage that is insured

by FHA, must make this certification under the proposed amendment.

I wish the gentleman would check with his advisers, because this is a monstrosity if there ever was one.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I should be glad to yield, because I think this should be clarified by the gentleman. I should not think the gentleman would want to offer an amendment like that if he is doing it on his own, so I am charging the gentleman with getting some bad advice and suggesting that he had better check with his advisers.

Mr. MULTER. Will the gentleman yield?

Mr. WOLCOTT. I am glad to yield.

Mr. MULTER. I am sure the gentleman offers his comments in good faith.

Mr. WOLCOTT. And in all friendliness, I might say.

Mr. MULTER. And in all friendliness. And my criticisms, if any, are offered in all friendliness. I am sure the gentleman agrees with the principle that no one should be able to speculate on these mortgages and walk away with any profit out of the mortgage money.

Mr. WOLCOTT. This program has been in effect now for about 20 years, and FHA has not had much trouble in doing many billions of dollars' worth of insurance without loss to the Government.

Mr. MULTER. Will not the gentleman concede that we had to put in amendments of this kind to stop this kind of activity in defense housing and military housing, and that we had a very bad situation under 608?

Mr. WOLCOTT. I will not agree that there is a comparable situation at all.

Mr. MULTER. Will not the gentleman agree we should put some legislation in this bill to prevent a similar situation occurring?

Mr. WOLCOTT. I think it can be done by regulation. It has been done by regulation, and FHA has been doing a mighty good job of assisting in the financing of these homes.

Mr. McCARTHY. Mr. Chairman, I move to strike out the last word.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield to the gentleman from New York.

Mr. MULTER. The fact of the matter is that this situation is a very real one. You cannot hide behind the word "mortgagor" in this amendment and say the amendment should be defeated because it is bad in principle. It is good in principle. All the gentleman need do is add some new definition to the word "mortgagor." The word "mortgagor," as used in this amendment and throughout the bill, means the person who is applying for the mortgage. It applies to the builder. It means the builder. If the gentleman wants a good bill and does not want to hide behind words, all he need do is offer an amendment to clarify what I say is already in the law, which is that the word "mortgagor," as used in this amendment, applies to the builder. It will stop only the speculative builder and lender from walking away with money that belongs to the owner. He should

not have it and he should not get it under a guaranteed mortgage or any other way. If you want a good building program, you should have the same amendment added to this law as you had in the defense housing and in the military housing, and that is what we are trying to get into this bill by amendment.

Mr. McCARTHY. The gentleman should point out that the standards for determining mortgages under the co-operative program were changed by the committee under this recommendation because they wanted to prevent mortgaging out. So this is a real problem. It should not be left to regulation.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield to the gentleman from Michigan.

Mr. WOLCOTT. The gentleman knows this same provision applies to old houses. How would any purchaser of an old house know how much the house cost?

Mr. McCARTHY. You can correct it as to old housing if you wish to.

Mr. EBERHARTER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I think this amendment has a very fine purpose in mind. Within the past 10 days I was told by people who have had experience that a builder had put up a large number of homes and that he had a commitment for \$1,600 more than the houses were worth. After that was discovered he reduced the prices for these homes \$1,000.

I know definitely from experience that many builders in my home district in the Pittsburgh area, the western Pennsylvania area, have become very, very wealthy through this mortgaging-out procedure. Something definite should be put in the bill. I cannot speak as to the technical language, but I know positively from people who have had experience in this thing that when houses were in great demand commitments were made for anywhere from \$1,000 to \$2,500 more than their value. So I hope the committee will adopt this amendment. If there is something the matter with the technical phrasing of it, that can be corrected later. Certainly I feel it incumbent upon me from what people who have had experience in housing have told me to see that some language should be put in this bill for the protection of the people who are buying these homes.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. YATES. Certainly the gentleman from Michigan is attempting to confuse this issue by his statement as to what occurred yesterday, and he gave the example of a purchase by FNMA of a mortgage at 95 and the inability of the FNMA to sell it at 99. He forgot to say that for 15 years FNMA never sold its mortgages at a discount prior to last year, according to testimony given by Mr. Bauman to our committee and last year was the first time that mortgages which had been purchased by FNMA at 100 were sold at 4 points discount. So I think what is sauce for the goose is sauce for the

gander, and the gentleman is only trying to confuse the issue here.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. WOLCOTT. May I suggest to the gentleman from Illinois that he read title III of this bill, and I think the matter will unfold itself to him and become clear.

Mr. EBERHARTER. I think every member of the committee here wants to protect the person who is buying a home and not to give an advantage to the person who is putting up the mortgage money.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. HALLECK. I have always thought in my experience here that the admission by a Member who offered an amendment that it is subject to question or has defects apparent in it, is about the best reason in the world for voting such an amendment down.

Mr. EBERHARTER. I am sure the members of this committee, sitting here this afternoon, want to protect the person who is buying a home, and if it is for that purpose, all Members here should vote to adopt the amendment.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. MERRILL. One of the most important parts of this bill is that it gives the privilege to people who want to buy older homes to buy on the same liberal terms that new homes are bought. Does the gentleman realize that if this amendment is adopted that program will be completely wrecked, and it will then not be possible for people who want to buy older homes to have the privileges that this bill would give to them in its present form?

Mr. EBERHARTER. I might say to the gentleman I think the gentleman who offered the amendment intended it to apply to new homes and to give protection in such a way that the home buyer would not be taken advantage of.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. McCORMACK. It seems to me from the colloquy that both sides admit there is something wrong here, and that something should be done to protect the purchaser. What does the Republican side offer to protect the purchaser?

Mr. EBERHARTER. That is true.

Mr. Chairman, I yield back the balance of my time.

The question was taken; and on a division (demanded by Mr. MULTER), there were—ayes 91, noes 143.

So the amendment was rejected.

Mr. SPENCE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to ask what is the program with reference to this bill.

Mr. WOLCOTT. As far as I know, we will continue reading the bill until the Committee rises. I do not have any information as to when the Committee will rise, but I understand that is being discussed among the leadership now. I am sure the gentleman from Kentucky

and myself will be in hearty accord with our leadership.

Mr. SPENCE. It seems perfectly obvious that we cannot pass this bill tonight unless we sit here until a very late hour. I do not like working at night.

Mr. WOLCOTT. Of course, we reported the bill out at 10 o'clock at night, so we have 5 hours left. However, I would not like to suggest that we stay here until 10 o'clock.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. RAYBURN. I hope the gentleman from Indiana [Mr. HALLECK] will be able to tell us shortly how long we intend to sit.

Mr. HALLECK. I had hoped we might conclude this bill today, but it seems obvious that it cannot be done. If we continue until 5:45 and then come in tomorrow at 11 o'clock—

Mr. RAYBURN. That is less than 30 minutes more.

Mr. HALLECK. I might suggest it will be my purpose to come in at 11 o'clock tomorrow with the hope that we might finish the bill early.

Mr. RAYBURN. I shall certainly not object to coming in at 11 tomorrow.

Mr. MULTER. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. MULTER: At page 110, line 25, strike out the words "and service charges, if any."

Mr. MULTER. Mr. Chairman, this amendment would apply with equal force in at least three other places in this bill. It seeks to strike from the bill some new matter which appears for the first time in any of the housing bills that have yet come before the House. The language is not in any existing housing law upon the statute books. The language against which the amendment is directed reads: "service charges, if any." So that you may get the full import, let me read from section 106.

Section 106 of this bill amends section 203 (b) (5) of the Housing Act so it will read as follows:

Bear interest—

That is, the mortgages shall bear interest—

(exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market.

That is the way the law has read up to the present time. Now for the first time an amendment is presented in this bill to add to the premium charges for insurance these words: "and service charges, if any."

Heretofore the premium charge has been one-half of 1 percent; so the 5-percent mortgage was 5½ and had to be paid by the mortgagor or homeowner.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. PATMAN. Is it not a fact that the phrase "and service charges" has

been added? It is entirely new; it has never been in the law before.

Mr. MULTER. That is precisely the point I am making.

Mr. PATMAN. It is not defined and the sky is the limit as to the amount.

Mr. MULTER. You are so right, sir.

In other words, your 6-percent limitation on interest is now increased by another one-half percent for the premium charge and as much as the traffic will bear for the service charge.

The administration tells us it will be only another half of 1 percent, that that is their experience. There is, however, no limitation written into the bill. Even if it is only another half percent it means that if you are a veteran you will not be paying $4\frac{1}{2}$ percent but will be paying at least 5 percent; and everybody else who is not a veteran will have to pay either 6 or $6\frac{1}{2}$ percent if the administration limits the service charge to one-half of 1 percent.

If this program has worked so well since 1937 without the service charge in it, you do not need it today in an easy money market.

If easy money is available for all these mortgages, why add another one-half or another 1 percent to the charges and make it that much more difficult and that much more expensive to the person acquiring a home?

You tell us this bill is designed so that a person can get a home cheap, that it is going to cost very little with a very low down payment and in some instances no down payment. We have already heard that it is going to cost some thirty-odd thousand dollars to carry the \$7,600 home without a down payment at current interest rates. Add another half or another 1 percent to it and it is going to make it too costly to carry the house even though you can move into it for nothing.

I submit, Mr. Chairman, that if you want a good bill you will strike out of this bill this language which permits an additional charge to be added over the interest and over the insurance charge, a service charge of whatever the traffic will bear.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have always been impressed with the fact—and I think the gentleman on frequent occasions has impressed others in the committee and here on the floor likewise—that he is very much interested in the small homeowner—the rural homeowner—especially the rural homeowner out in the remote areas.

Section 8 of title I of existing law—and this is in answer to the gentleman's statement that this language has never been in the law before—does have an identical provision specifically permitting service charges. In section 8 of title I we find this language as follows:

Bear interest (exclusive of premium charges for insurance and service charges, if any) not to exceed 5 percent—

And so forth. That is in the existing law.

Now, let me read from the report. The gentleman should have read the majority report of the committee. He should

not have confined his reading to the minority report. On page 17 of the majority report, having in mind also that these service charges cannot be put on unless the Administrator sees fit to do so—and we very deliberately provided that the Administrator shall not put the service charges on except in remote cases—it is stated:

Under existing law there is statutory authority for a service charge in addition to the insurance premium and interest charge on mortgages insured by FHA under section 8 of title I. As previously noted, this section 8 small home-insurance program is to be integrated with the FHA section 203 insurance program—

That is under this bill—

A service charge was permitted in connection with a section 8 mortgage because of the modest amount of the mortgage and because of the higher cost incident to the fact that many of these mortgages were written on properties in outlying areas. The bill as reported would permit a service charge on section 203 mortgages. It is the opinion of your committee that, if a service charge is permitted to be collected in addition to the interest and insurance premium charges on such insured mortgages, the service charge should only be permitted in connection with lower-cost homes similar to the present section 8 FHA insured mortgage program.

This present section 8, which is integrated with the proposed section 203, is for the little home—the little homes out in the rural areas.

Now, take it away from them if you want to do it. I do not want to do it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read, as follows:

Amendment offered by Mr. MULTER: Page 110, line 25, insert after the word "any" the words "which service charges shall in no event exceed one-half of 1 percent."

Mr. MULTER. Mr. Chairman, I admit I overlooked section 8 of FHA, title I, when I said there was no existing law containing the phrase "service charges." I will concede also that that section was intended to and does affect rural housing. But I will not concede that the rest of this bill affects rural housing. When the bill came to us it contained nothing for rural housing except a repeal of the provisions that applied to rural housing. It was not until the distinguished Member from Alabama [Mr. JONES] appeared before our committee and pointed out to us there was nothing in this bill for the farmer that we did try to do something, little as it was, in this bill for farm housing.

With reference to the precise amendment, if you intend a service charge to apply only to the small mortgage, you should say so.

As it is written here now, it is going to apply to every mortgage and every homeowner in the country. If you are acting in good faith, and if you think that the charge should not exceed one-half of 1 percent, as we have been told by the administration, then you should adopt this amendment, which simply says that the

service charge shall be limited to not more than one-half of 1 percent.

Now let us see who is acting in good faith.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The question was taken; and on a division there were—ayes 79, noes 131.

So the amendment was rejected.

The Clerk read as follows:

SEC. 110. Section 203 of said act, as amended, is hereby further amended by adding the following new subsection at the end thereof:

"(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of \$7,000 and not in excess of 100 percent of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe since the President, pursuant to section 2 (a) of the act entitled 'An act to authorize Federal assistance to States and local governments in major disasters and for other purposes' (Public Law 875, 81st Cong., approved September 30, 1950), as amended, has determined to be a major disaster."

SEC. 111. Section 204 (a) of said Act, as amended, is hereby amended—

(1) by striking out of the third sentence the words "any mortgage insurance premiums paid after either of such dates" and inserting "any mortgage insurance premiums paid after either of such dates, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner";

(2) by striking out of the second proviso the words "or under section 213 of this act," and inserting the following: "or under section 213 of this act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954,"; and

(3) by striking the period at the end thereof and inserting a colon and the following: "And provided further, That, notwithstanding any requirement contained in this act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner."

SEC. 112. Section 204 (d) of said act, as amended, is hereby amended by striking out of the second sentence thereof the words "3 years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued, except that debentures issued with respect to mortgages insured under section 213 shall mature 20 years after the date of such debentures" and inserting "10 years after the date thereof."

SEC. 113. Section 204 of said act, as amended, is hereby amended by adding at the end thereof the following new subsection:

"(1) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice."

SEC. 114. Section 205 of said act, as amended, is hereby amended to read as follows:

"Sec. 205. (a) The Commissioner shall establish as of July 1, 1954, in the mutual mortgage insurance fund a general surplus account and a participating reserve account. All of the assets of the general reinsurance account shall be transferred to the general surplus account whereupon the general reinsurance account shall be abolished. There shall be transferred from the various group accounts to the participating reserve account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the general surplus account whereupon all of said group accounts shall be abolished.

"(b) The aggregate net income thereafter received or any net loss thereafter sustained by the mutual mortgage insurance funds in any semiannual period shall be credited or charged to the general surplus account and/or the participating reserve account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

"(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

"(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive."

SEC. 115. Section 207 (c) of said act, as amended, is hereby amended—

(1) by inserting before the semicolon at the end of paragraph numbered (2) a colon and the following: "*And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals";

(2) by striking out the word "Alaska" in paragraph numbered (2) and inserting "Alaska, or in Guam"; and

(3) by striking out paragraph numbered (3) and inserting the following:

"(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,000 per room to not to exceed \$2,400 per room and the dollar amount limitation of \$7,200 per family unit not to exceed \$7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design: *And provided further*, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of this section 207 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount."

Mr. MULTER. Mr. Chairman, I offer an amendment. Since we have agreed to rise at a quarter of 6, that would leave only about 5 minutes for debate.

Mr. HALLECK. Mr. Chairman, that might settle it. If the gentleman has an amendment, I think he had better offer it.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read the amendment as follows:

Amendment offered by Mr. MULTER to H. R. 7839: On page 118, line 4, change the period to a semicolon and add: "and (iii) the builder or the mortgagor as the case may be (except a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d)) shall agree (i) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (a) that the amount of the actual cost of said physical improvements (exclusive of off-site public utilities and streets and of organization and legal expenses) equaled or exceeded the proceeds of the mortgage loan or (b) the amount by which the proceeds of the mortgage loan exceeded the actual cost of said physical improvements (exclusive of off-site public utilities and streets and of organization and legal expenses), as the case may be, and (ii) to pay, within 60 days after such certification, to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, so certified to be in excess of such actual cost. The Commissioner shall construe the term "actual cost" in such a manner as to reduce same by the amount of any kick-backs, rebates, and normal trade discounts received in connection with the construction of the said physical improvements, and to include only the actual amounts paid for labor and materials and necessary services in connection therewith."

This shall not apply to old houses.

Mr. MULTER. Mr. Chairman, are we going to rise at a quarter to 6? I am entitled to 5 minutes.

The CHAIRMAN. The gentleman is recognized for 5 minutes, so he has the 5 minutes.

Mr. MULTER. Mr. Chairman, possibly now the distinguished Chairman of the Committee on Banking and Currency will accept this amendment. This is quite similar to the amendment I offered on mortgaging-out to section 203 housing, and you were told the objection

there was that it applied to the mortgagor, that it might apply to the small homeowner and it might affect the old houses, that the man who owned an old house could not get a mortgage under this. Now we are on section 207. Two hundred and seven houses are multi-family houses for rental purposes. I now change the language, so instead of reading, as it did before, "mortgagor," it now reads "the builder or the mortgagor, as the case may be," so the mortgagor is not the fellow who has to certify; only the builder who did the building and made the estimate will certify as to the cost.

To make sure it did not apply to any but new construction, I added, "This shall not apply to old houses."

I want to know what objection there can be to putting this kind of precaution into this bill to stop the thefts, and I say it advisedly, which happened under the 608's, under the defense housing, and under the military housing.

Since we expect to rise in about 2 minutes, I yield back the balance of my time so that somebody can tell us what is now wrong with this amendment.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this section 207 has been in the act ever since its inception, for I do not know how long; 20 years, something like that. All of a sudden it has apparently occurred to somebody that something is wrong with the FHA program, especially as it applies to, of all things, rental properties in which there is a 20-percent equity requirement on the part of the builder.

We have had faith and confidence in the administration of the FHA throughout these 20 years. All of a sudden in 1954 comes a change of administration. Now they want to tie the administration up in some manner or other. I hope it is not in the hope that the administration will fail to get adequate homes for the people who deserve them. There may be cases where there are some crooked builders and where there are some crooked owners, but the taxpayer is protected largely by the administration of the act. Understand that before you can get FHA insurance, you must have a series of inspections on the property as it is being built up to the point where the mortgage is insured. I do not think we should be expected, if I may use an old expression, to burn down the barn to kill the rats. There may be some rats somewhere, but that is no reason we should stymie the 207 rental property program, the building of properties which, I assume, the gentleman from New York is most vitally interested in: the building of multiple dwellings or apartment houses.

The amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. REECE of Tennessee, Chairman of

the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, had come to no resolution thereon.

BATAAN DAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the joint resolution (S. J. Res. 143) providing for the observance of April 9, the 12th anniversary of the fall of Bataan, as Bataan Day, and ask for its immediate consideration.

The Clerk read the Senate joint resolution, as follows:

Whereas April 9 of this year marks the 12th anniversary of the end of the epic struggle of American and Filipino forces on Bataan; and

Whereas Bataan symbolizes the spirit which moves men of different races and different creeds to fight shoulder to shoulder for their freedom; and

Whereas the rallying of the people of the Philippines to the side of the United States and the other United Nations in the recent struggle in Korea was a further expression of American-Filipino unity; and

Whereas the people of the Philippines have demonstrated to all other nations in the Asian sphere the fact that mutual friendship and mutual security are common goals, and the role of the United States in Asia is that of a friend of peoples, regardless of race; and

Whereas President Ramon Magsaysay has designated April 9 as Bataan Day in the Philippines: Therefore be it

Resolved, etc., That April 9, the 12th anniversary of the fall of Bataan, should be observed as Bataan Day and that the Congress recommends that on that day the flags of the United States and the Republic of the Philippines be flown, and that encouragement be given to the holding of appropriate services in schools and churches, and in other gatherings.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I rise at this time to urge the Members of the House to join in a tribute to the memory of those gallant defenders of Bataan whose courage in the face of extreme adversity shall be an everlasting source of inspiration to the free world.

It is well for us to remember that the tragedy of that ordeal increased the determination of the people of America and of the Philippines to turn back the forces of oppression which threatened the survival of liberty.

We look back upon that episode with sorrow and with sympathy; sorrow for those who were called upon to give their lives or to endure inhuman hardships; sympathy for the families who suffered the anguish of bereavement.

But we look back also with great pride and gratification; pride in the spirit and the courage shown by Americans and Filipinos who stood side by side to the death; gratification in the knowledge that the traditional bonds between our nations were drawn even closer in those dark hours.

In these days of world tensions—of mistrust and hatred—we are sustained and encouraged in our pressing search for lasting peace by steadfast friends who have proved in the crucible of war their own devotion to the ideals of free men.

From the pages of history we find once again in the chapter of Bataan the lesson that eternal vigilance is indeed the price of liberty.

Therefore, Mr. Speaker, I have the honor to introduce a joint resolution similar to one introduced and passed in the other body—Senate joint resolution 143—on Wednesday which provides for the observance of April 9, the 12th anniversary of the fall of Bataan, as Bataan Day.

I ask unanimous consent for the present consideration of the joint resolution.

The Senate joint resolution was agreed to, and a motion to reconsider was laid on the table.

DAIRY PRICE SUPPORT PROGRAM

(Mr. BYRNES of Wisconsin (at the request of Mr. LAIRD) was granted permission to extend his remarks at this point in the RECORD.)

Mr. BYRNES of Wisconsin. Mr. Speaker, I have today introduced legislation designed to give the Secretary of Agriculture the tools he needs to conduct an effective price support program for the dairy farmer.

It is clear to everyone that the present price support program has produced a major crisis in the dairy industry. During the past 12 months, the prices of milk and butterfat used in manufactured dairy products have been supported at 90 percent of parity. As of this March 24, the inventory of the Commodity Credit Corporation included the following quantities of dairy products:

	Million pounds
Butter	328.1
Cheese	339.2
Nonfat dry milk solids.....	539.2

These quantities represent about 21 percent of the total annual butter production, 21 percent of the total annual cheese production and 45 percent of the total annual nonfat dry milk solids production.

Purchases by the Government continue at a heavy rate, and the prospect is that production in the marketing year beginning April 1, 1954, will be considerably in excess of production during the last marketing year when such heavy stocks were accumulated.

In recognition of these factors, the Secretary of Agriculture has announced that the level of price supports for milk and butterfat will be reduced from 90 to 75 percent beginning April 1, the maximum reduction permitted by law. This drastic action came as a shock to those of us who realized that a reduction in support levels was necessary but who had assumed the reduction would be gradual, as announced by the President in outlining his farm program to Congress.

While we may quarrel with the decision of the Secretary, and I question the legal requirement for such a drastic reduction, nevertheless, it is important to

understand that his action was based upon his honest interpretation of the existing law. His reasons are best explained in a speech he gave at Ithaca, N. Y., on March 24:

I have been asked, "Why did you drop the support price for dairy products the full amount, from 90 to 75 percent?"

One answer is—from a legal standpoint there was nothing else I could do.

Let's see what the law says. Dairy products, the law reads, "shall be supported at such level not in excess of 90 percent nor less than 75 percent of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply."

We own a billion pounds of butter, cheese, and dried milk. Our stocks are still in good condition, but we are fast approaching a time when we shall have to move them—somehow, somewhere—or to be confronted with the costly and embarrassing problem of spoilage. We have done our utmost to move these stocks at home and abroad. Thus far we have been able to dispose of only a limited amount.

Under these circumstances, can anyone seriously contend that 90 percent of parity—or 80 percent or even 75 percent—is necessary to assure an adequate supply? The Solicitor of the Department of Agriculture has ruled that, in view of this section of the law and in the light of the present supply situation, the level of support could not legally be fixed higher than 75 percent of parity for the new marketing season.

Surely, if the Secretary's analysis of the law is correct, we must with all possible haste move to amend the law in order to establish broader criteria for price-support action. For, if the law requires such a drastic reduction, then the law does not take into consideration the effect of its requirement upon the dairy farmer and the economy as a whole.

This effect is extremely adverse. The announced reduction will lower income to producers of manufacturing milk and butterfat by about \$300 million. If fluid milk prices in fluid milk markets are reduced comparably, an additional \$300 million loss will result, for a total income loss of \$600 million. Such a serious reduction in income is bound to have far-reaching effects, not only upon the dairy farmer, but upon the entire economy as well.

We must move to protect the income of the dairy farmer, and the whole economy, from such drastic and sudden declines which the law, as interpreted by the Secretary, makes possible. Of this, there can be no question.

Legislation now being considered by the House Committee on Agriculture would set aside the decision of the Secretary. It would maintain dairy price supports at the same level of supports for basic commodities, and would permit only a 5-percent reduction per year in the price-support level, instead of the 15-percent reduction now permissible, and possibly required, under law.

It is my belief, however, that we must provide the Secretary with broader authority, which would not hamper effective support action by rigid formulas and which would enable him to meet the current situation, and later situations, as and when they develop. He should be required to consider not only the narrow question of adequate supply, but the overall effect of any action he might take upon the welfare of the dairy farmer.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 5, 1954
For actions of April 2, 1954
23rd-2nd, No. 61

CONTENTS

Adjournment.....4	Interior appropriations..5	Price supports.....7
Appropriations.....2,5,9	Labor, farm.....2	Public works.....11
Dairy industry.....8	Lands, public.....5	Reclamation.....5,12
Electrification.....10	Legislative program.....4	Surplus commodities5,6,8,9
Extension Service.....5	Loans, farm.....1	Vehicles.....5
Fishery products.....9	Lobbying.....3	Wheat.....6
Housing.....1		

HIGHLIGHTS: House passed housing bill, which includes farm-loan authority. House received conference report on Mexican farm-labor appropriation measure. Rep. Long criticized flexible price supports. Rep. Philbin recommended use of Sec. 32 funds for fish research.

HOUSE

1. HOUSING. Passed, 352-36, with amendments H. R. 7839, the housing bill, which continues the rural-housing loan program (pp. 4170-231).
2. FARM LABOR. Received the conference report on H. J. Res. 461, to appropriate \$478,000 additional to the Labor Department for the Mexican farm labor program (p. 4231).
3. LOBBYING. Received the quarterly report of registrations under the Lobbying Act (pp. 4242-71).
4. ADJOURNED until Mon., Apr. 5 (p. 4240). Legislative program, as announced by Rep. Halleck: Mon., Consent Calendar and Interior appropriations; Tues., Private Calendar and Interior appropriations; Wed., antitraitor bill; balance of week, tax appeals, extradition, and impounding mail (p. 4231).
5. INTERIOR APPROPRIATION BILL, 1955. In reporting this bill (see Digest 60) the committee made the following statements in its report:
Seeding lands. "The committee is advised that there is a program contemplated for making use of surplus seed, acquired by the Department of Agriculture, for reseeding the public lands...It is the committee's earnest desire that such an arrangement can be worked out..."
Reclamation. "The Bureau has been operating, in cooperation with State Agricultural Extension Service interests, so-called development farms in some of the project areas. It is the committee's understanding that the purpose of such undertakings has been to find crops and farming methods best suited to the project lands. Agricultural development and demonstration work of this type should be left to the Department of Agriculture and to the various State agricultural services. Funds for such development farms programmed for the fiscal year 1955 are specifically disallowed." (The committee also criticized other aspects of Bureau of Reclamation administration.)

Vehicles. "A number of bureaus of the Department have avoided the limitations placed on purchase of passenger vehicles by having a box end mounted on the rear end of business coupes and counting them as pickup trucks. No further purchases of this type are to be made without specific authorization..."

The committee commended plans to consolidate all legal services under the Office of the Solicitor but postponed action pending receipt of more detailed information.

The bill carries a total of \$363,360,989, compared with budget estimates of \$422,118,430 and 1954 appropriations of \$434,631,050.

BILL INTRODUCED

6. SURPLUS WHEAT. H. R. 8702, by Rep. Bailey, to provide for delivery of price-support wheat to needy persons; to Agriculture Committee (p. 4240).

ITEMS IN APPENDIX

7. PRICE SUPPORTS. Extension of remarks of Rep. Long criticizing flexible price supports and favoring high price supports, production controls, and high employment through a public-works program to increase consumption (pp. A2534-5).
8. DAIRY INDUSTRY. Rep. O'Konski inserted a letter and several resolutions from the Ladysmith (Wis.) Milk Producers' Coop. Assn. favoring H. R. 8386, to remove domestic trade barriers affecting milk and its products, and recommending various methods of increasing consumption of dairy products (pp. A2545-6).
9. FISHERY PRODUCTS. Statements by Reps. Philbin and Lane favoring use of Sec. 32 funds for fishery products (pp. A2533, 2553).
10. ELECTRIFICATION. Extension of remarks of Rep. Cooley discussing the REA program in N. C., claiming that 94% of rural North Carolinians have electricity, and inserting "An Inventory" of the REA program there (pp. A2554-5).
11. PUBLIC WORKS. Extension of remarks of Rep. Price favoring H. R. 8250, to establish a public-works program (pp. A2532-3).
12. RECLAMATION. Extension of remarks of Rep. Scudder opposing the Trinity River project (p. A2542).

COMMITTEE HEARING ANNOUNCEMENTS FOR APR. 5: Price supports, S. Agriculture. Social security for farmers, etc., H. Ways and Means (Horse to testify).

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 105A.

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Congressional Record

United States
of America

PROCEEDINGS AND DEBATES OF THE 83^d CONGRESS, SECOND SESSION

Vol. 100

WASHINGTON, FRIDAY, APRIL 2, 1954

No. 61

Senate

The Senate was not in session today. Its next meeting will be held on Monday, April 5, 1954, at 12 o'clock meridian.

House of Representatives

FRIDAY, APRIL 2, 1954

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we thank Thee for this new day wherein we are privileged to live and labor.

Help us to understand the significance and importance of our duties and responsibilities and may no temptation entice us from discharging them faithfully.

Give us a wholehearted devotion to our appointed tasks and, at all times, the vision to see and the strength to do Thy holy will.

May we be openminded in our attitude to those views and opinions of our colleagues which may differ from our own.

Grant that we may be patient under provocation, charitable in our judgments, and respectful and courteous to all.

We earnestly beseech Thee that our President, our Speaker, and the Members of the Congress may have the guidance of Thy spirit in these days of peril and perplexity.

In the name of Christ we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

SPECIAL ORDERS GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House for 20 minutes on Monday next, following the legislative program and any special orders heretofore entered.

Mr. SECREST asked and was given permission to address the House for 15 minutes on Wednesday next, following the legislative program and any special orders heretofore entered.

CORRECTION OF ROLL CALL

Mr. THORNBERRY. Mr. Speaker, I ask unanimous consent to correct the RECORD. On rollcall 44 I am shown as being absent. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and Journal may be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 45]

Bailey	Hale	Powell
Barden	Hays, Ark.	Regan
Battle	James	Richards
Bender	Jensen	Rivers
Bentley	Kelley, Pa.	Roberts
Blatnik	Krueger	Robson, Ky.
Bramblett	Lyle	Roosevelt
Carlyle	McConnell	Seely-Brown
Celler	McIntire	Simpson, Pa.
Chipperfield	Metcalf	Sutton
Chudoff	Miller, Calif.	Vursell
Davis, Tenn.	Miller, N. Y.	Weichel
Dingell	Morgan	Williams, N. J.
Fino	Moulder	Wilson, Tex.
Forrester	Nelson	Yorty
Grant	Patten	

The SPEAKER. On this rollcall 382 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

WIRETAPPING LEGISLATION

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 492, Rept. No. 1462), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8649) to authorize the admission into evidence in certain criminal proceedings of information intercepted in national security investigations, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except the motion to recommit.

(Mr. KERSTEN of Wisconsin asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. KERSTEN of Wisconsin's remarks will appear hereafter in the Appendix.]

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was granted permission to address the House today for 5 minutes, following the legislative business of the day and any other special orders heretofore entered.

ATOMIC WEAPONS

(Mr. FEIGHAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. FEIGHAN. Mr. Speaker, on Monday, March 29, I called attention of the House to the rising clamor, both in this country and abroad, over the terrifyingly powerful hydrogen weapons with which we have been experimenting, and I observed at that time the widespread demands for more information about the nuclear weapons.

I might note, Mr. Speaker, that on the very day it was reported that a second hydrogen bomb was detonated on March 26, I quoted Walter Millis, of the New York Herald Tribune, as saying that—

There will surely have to be an official report on the current experiments at least frank enough to answer some of the myriads of questions as to national policy which the rumors have evoked and to give the public some concrete idea of what is actually planned or intended by the incorporation of nuclear weapons into current military and diplomatic policy to the extent which is being done.

On Wednesday that report was given by Admiral Strauss, Chairman of the Atomic Energy Commission. Instead of stilling the clamor, however, Admiral Strauss' stunning description of what Defense Secretary Wilson called the bomb's unbelievable power, has increased that clamor to an uproar, not only in this country but perhaps even to a greater extent abroad.

The political implications of the present situation are extremely grave. I cite, for example, the angry reactions among a large section of British press and politicians. The Labor members of the House of Commons were almost unanimous in demanding drastic action by the British Government. Most of them demanded the cessation of our Pacific experiments they do not seem to consider so pacific. Next Monday the House of Commons will hold a full-dress debate on the military and political implications of our activity.

It is in this highly explosive context, Mr. Speaker, that I have today introduced H. R. 8701 covering 2 out of the 3 sections of the President's message of February 17 asking for amendment of the Atomic Energy Act of 1946. As I noted before, the first two sections deal with relaxation of restrictions on atomic information. The third section deals with the tremendously complicated question of who shall control the industrial development of atomic energy in the years to come.

Unless I am completely mistaken, Mr. Speaker, there is a vast difference in degree of urgency between the information sections and the atom-for-industry section. It is, I believe, a matter of extreme urgency, given the delicacy of the President's position vis-a-vis our allies, imposed on him by the 8-year-old McMahon Act. It should be noted that the secrecy provisions of this act were drawn up during the period of our so-called atomic monopoly. It is only necessary to read the story of the Soviet's own hydrogen bomb development to realize

how anachronistic these secrecy provisions are now.

It is imperative that the President be given elbow room in which to operate in the discussions with our allies which will surely eventuate in the near future. Here let me note that the President began his message by stating the purposes of his suggested amendments in these words:

For the purpose of strengthening the defense and economy of the United States and of the free world, I recommend that the Congress approve a number of amendments to the Atomic Energy Act of 1946. These amendments would accomplish this purpose, with proper security safeguards, through the following means:

First, widened cooperation with our allies in certain atomic energy matters;

Second, improved procedures for the control and dissemination of atomic energy information; and

Third, encouragement of broadened participation in the development of peacetime uses of atomic energy in the United States.

In order to help the President achieve our national purposes, I have introduced H. R. 8701, a bill to implement to first two means he has indicated.

HOUSING ACT OF 1954

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 7839, to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 7839, with Mr. REECE of Tennessee in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 115 ending on line 4, page 118, of the committee amendment.

If there are no further amendments to this section the Clerk will read.

Mr. TALLE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am not making an argument; I am not offering an amendment; I merely desire to furnish some information. At the time of the hearings on the pending bill, H. R. 7839, when Mr. Cole, Administrator, and his associates of the Housing and Home Finance Agency, were before the committee, I asked a question which I should like to call to the attention of the Committee of the Whole.

It has been my experience that much time has been consumed in past years in getting appraisals in connection with FHA loans. Housing, we are all agreed, is extremely important, and the American people should not be blamed if they become a bit restive when they find that so much time is taken in the making of appraisals. So I put this question to Mr. Cole:

How much time elapses between the filing of an application for an FHA loan and the

consummation of the loan to the point where the borrower has the money available for use?

Mr. Cole readily agreed that an answer would be supplied by Mr. Hollyday, Commissioner of the FHA. The statement appears in the hearings on pages 113 and 114. I may say that normally the time required, as indicated in that statement by Mr. Hollyday, is approximately 14 days.

Subsequently, I put the same question to Mr. T. B. King, of the Veterans' Administration. I asked:

Approximately how much time elapses between the time when a veteran makes an application for a VA loan and the time when he has the money available for use?

I asked Mr. King if he would be good enough to set his reply out in detail—steps 1, 2, 3, 4, 5, and 6—showing the different steps which must be taken and the approximate time normally required for each step.

His statement will be found in the hearings on pages 228 to 233. I know that statements in printed hearings are often buried and are not brought to the attention of Members. I am therefore taking this time to point out to the membership that these statements are available; they are in the printed hearings, and they do represent standards which we may examine when constituents write in to complain that too much time is taken in the making of appraisals.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from Iowa.

Mr. GROSS. I wish to compliment my colleague from Iowa for his statement and ask how much time does it take to consummate a loan through the Veterans' Administration?

Mr. TALLE. Mr. Chairman, in reply to the question of the gentleman from Iowa [Mr. Gross], I may say that the statement of Mr. King appears on page 232 of the hearings. The steps which I asked for are set out there, from 1 to 6, and in adding the number of days indicated following each step I find a total of 48.4. That is more than a month and a half and is a much longer period than reported by FHA. It is understandable, of course, that in a situation where title search and a number of other things are necessary, more time is required to consummate a loan than is needed for normal cases.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from Louisiana.

Mr. BROOKS of Louisiana. As I understand it, the gentleman said that after 48 days the veteran who has not received a loan completed is justified in pushing for it most vigorously?

Mr. TALLE. I may say to the gentleman from Louisiana that not only is he justified in pushing for it vigorously but he has very good reason for being disappointed because of undue delay.

Mr. BROOKS of Louisiana. I have 2 or 3 instances in mind where it took 6 months, and I have 1 in mind in par-

ticular where it took 7 months and is not yet completed.

Mr. TALLE. I may say in reply to the gentleman from Louisiana that I have had some unfortunate experiences myself and it is for that reason and because I know that my experiences are not unusual that I wanted to pinpoint this fact, so that the printed RECORD might show the standards of FHA as they are now and the standards of VA as set forth in the agency's printed statement.

Mr. BROOKS of Louisiana. I will say to the distinguished gentleman that he is engaged in a most worthwhile effort.

Mr. TALLE. I thank the gentleman.

Mr. Chairman, at this time, I should like to say that I believe the American people are served well through the Administrator of the Housing and Home Finance Agency, our former colleague, the Honorable Albert Cole, and I believe, too, that Mr. T. B. King, of the VA, is doing a good job. Those gentlemen have many difficulties to deal with. I have been patient with both agencies. I know other Members have been patient. Now we want both to move along at as rapid a pace as thorough work will permit.

Mr. Chairman, the statements I have previously referred to follow:

FHA records indicate that during the current fiscal year 67 percent of applications for home-mortgage insurance have been processed to either commitment or rejection within 14 days of the date of application. Although data are not available for establishing averages on this subject, it appears that the median application is probably processed in about 10 to 12 days and the average processing time for all cases is probably from 13 to 16 days.

It is to be noted that the time when money is available to the borrower may be dependent on many things after the FHA has issued its commitment to insure the mortgage. From FHA's point of view, the case is suitable for closing as soon as a commitment has been issued, subject to compliance with any specific conditions noted on the commitment. However, actual closing of the loan and endorsement for insurance may be delayed by several months for a construction period with respect to new houses or for periods of a month or longer with respect to existing houses depending on necessary title search, repair activities, or vacating of the property by the seller. FHA processing time does not, of course, include these operations.

STATEMENT OF THE VETERANS' ADMINISTRATION REGARDING ELAPSED TIME IN PROCESSING LOAN APPLICATIONS

In accordance with Congressman TALLE's request, the purpose of this statement is to indicate the processing steps which are necessary between the time a veteran makes application to a lender for a loan and the time at which the veteran is notified that the proposed loan will be made, and to supply such information as is available on the approximate elapsed time involved for the various steps, insofar as VA processing is concerned.

The table which follows outlines the typical processing steps for VA-guaranteed loans which are submitted on a prior approval basis (which represent 65 percent of the volume of applications filed) and where the VA appraisal is not made until after the veteran applies to the lender for a loan—the most time-consuming type of procedure normally encountered. The data on average

elapsed time for those steps where VA processing is involved are taken from a special survey conducted by VA in April and May of 1953. A further discussion of the variations for other typical processing procedures follows the table.

Typical processing steps for VA-guaranteed home loans on existing property, including VA appraisal of individual unit and processing of loan application submitted for VA prior approval

AVERAGE ELAPSED TIME FOR VA PROCESSING, PER SAMPLE SURVEY, APRIL-MAY 1953—DAYS¹

1. Veteran applies to lender for loan after he has entered into a contract for purchase.
2. Lender obtains veteran's discharge papers or certificate of eligibility, checks income and credit rating of veteran, and (if not previously done by seller or veteran) requests VA to appraise property.
Total.....¹ 18.0
3. VA appraisal function:²
 - (a) VA receives appraisal request, notifies fee appraiser of appraisal assignment.....¹ 1.4
 - (b) VA's fee appraiser make appraisal of property, checks for compliance with minimum property requirements, and sends report to VA.....¹ 11.2
 - (c) VA reviews fee appraiser's report, checks data on comparable property sales, determines reasonable value, and issues certificate of reasonable value (CRV).....¹ 5.4
4. Lender receives CRV, completes VA loan application and mails to VA with supporting documents.
5. VA loan processing (prior approval loans).³ VA receives loan application, checks eligibility of veteran, reasonable value of property, veteran's ability to repay, etc., prepares certificate of commitment and mails to lender.....¹ 12.4
6. Lender advises veteran that loan will be closed on specified date, provided title to property is found to be satisfactory.³

¹Elapsed time in calendar days, including weekends and holidays.

²Steps 3 and 5 may be concurrent.

³After the loan has been fully disbursed, the lender submits a report to VA, and VA issues the evidence of guaranty.

VA estimates that most offices should be able to process appraisals currently on existing properties (step 3 in the table) within 2 weeks of the time the request for appraisal is received, and hopes to cut the time further by the introduction of streamlined procedures which are to be issued shortly.

The time for VA loan processing (step 5) should be reduced since VA has decentralized entitlement control in January 1954, and it is believed that most offices are currently in a position to issue guaranty commitments within 1 week or less of the time the application is received. However, any substantial increase in the volume of loan activity may, in view of existing personnel limitations, cause the development of some delays in processing in the offices concerned.

In considering the data in the table, it should be emphasized that both the processing steps and the typical elapsed time will vary depending on the circumstances. If the veteran applies for a loan from a supervised lender (e. g., a bank, savings and loan association, or insurance company), which intends to process the loan on an automatic basis—i. e., close the loan and report to the Veterans' Administration after it is dis-

bursed—it is only necessary for the lender to determine that the proposed loan meets certain requirements, e. g., that the applicant is an eligible veteran, that the veteran's income and credit reputation are such that he has an indicated ability to repay the obligation, and that the proposed purchase price of the property does not exceed the reasonable value thereof as determined by the Veterans' Administration, the certificate of reasonable value having been obtained by the lender prior to his commitment to make the loan. In all "automatic loan" cases, steps 4 and 5 in the table would be eliminated, and if the VA appraisal had been made in advance (at the request of the builder or seller) step 3 would also be unnecessary.

With respect to loans originated by non-supervised lenders, and those loans made by supervised lenders where VA's prior approval is requested, it is necessary to submit a formal application to VA for prior approval of the proposed loan. In such cases, the VA appraisal may also have been completed before the veteran makes application to the lender, in which case the only time lapse occasioned by VA processing is that between the receipt of the veteran's loan application by VA and VA's approval thereof (step 5).

In those cases where the VA appraisal has not been completed in advance, the lender or seller would immediately request a Veterans' Administration appraisal of the property. The typical elapsed time required for such processing is dependent on the circumstances. For example, the appraisal of a single completed home can be completed much more expeditiously than the appraisal, based on plans and specifications, of a proposed housing project involving many units. Of course, in most large subdivisions the builder will obtain an appraisal from VA before he starts building operations, and usually before the prospective veteran purchaser is in the picture.

With respect to the determination of the veteran's eligibility, such determinations will not normally delay the processing of the loan application since the Veterans' Administration regional office can determine whether or not the veteran is eligible for GI loan benefits very quickly in practically all cases. In "prior approval" processing, the eligibility determination is a part of the regular processing procedure. In "automatic loan" cases, the lender may require the veteran to obtain a certificate of eligibility, but since most offices are in a position to give 48-hour service on practically all such requests, the eligibility determination would normally be completed concurrently with the lender's actions in checking the veteran's credit and preparing the necessary loan instruments. Accordingly VA's eligibility determinations should ordinarily occasion no delay for either automatic or prior approval loans.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(Mr. TALLE asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

SEC. 116. Section 207 (d) of said act, as amended, is hereby amended by inserting the words "of the Housing Insurance Fund" between the words "debentures" and "issued" in the first sentence of such section.

SEC. 117. Section 207 (h) of said act, as amended, is hereby amended by striking out the period at the end of the first sentence and adding the following: "and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner."

SEC. 118. Section 212 (a) of said act, as amended, is hereby amended, by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under section 220 which covers property on which there is located a dwelling or dwellings designed principally for residential use for 12 or more families."

SEC. 119. Section 213 (b) of said act, as amended, is hereby amended by striking clauses (1) and (2) and inserting:

"(1) not to exceed \$5 million, or not to exceed \$25 million if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

"(2) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$3,100 per family if the number of rooms in such property or project is less than 4 per family unit), and not to exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed: *Provided*, That if at least 65 percent of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$2,375 per room (or \$3,550 per family unit if the number of rooms in such property or project is less than 4 per family unit), and not to exceed 95 percent of the estimated value of the property or project when the proposed physical improvements are completed: *Provided further*, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) \$2,250 per room to not to exceed \$2,700; (ii) \$2,375 per room to not to exceed \$2,850; (iii) \$3,100 per family unit to not to exceed \$3,400; and (iv) \$3,550 per family unit to not to exceed \$3,900: *Provided further*, That such mortgage shall not involve a principal obligation exceeding the maximum amount per room or per family unit prescribed by the provisions of this section 213 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954, has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount: *And provided further*, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President."

SEC. 120. Section 213 (f) of said act, as amended, is hereby amended by striking the last sentence thereof.

SEC. 121. Section 217 of said act, as amended, is hereby amended to read as follows:

"SEC. 217. Notwithstanding limitations contained in any other section of this act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this act (except sec. 2) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner

based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) \$1,500,000,000, except that with the approval of the President such aggregate amount may be increased by not to exceed \$500 million.

"It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this act (except sec. 2) into one general insurance authorization to take the place of all existing authorizations or limitations."

SEC. 122. Section 219 of said act, as amended, is hereby amended by striking out the words "or the Defense Housing Insurance Fund," and inserting "the Defense Housing Insurance Fund, or the Section 220 Housing Insurance Fund."

SEC. 123. Title II of said act, as amended, is hereby amended by adding at the end thereof the following new sections:

"Rehabilitation and neighborhood conservation housing insurance"

"SEC. 220. (a) The purpose of this section is to supplement the insurance of mortgages under sections 203 and 207 of this title by providing a system of mortgage insurance to provide financial assistance in the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations as an aid in the elimination of blight and slum conditions and in the prevention of the deterioration of property located in an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in par. (3) (B) of subsec. (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the property covered by the mortgage is in an urban renewal area referred to in subsection (a) of this section.

"(c) As used in this section, the terms 'mortgage,' 'first mortgage,' 'mortgagee,' 'mortgagor,' 'maturity date,' and 'State' shall have the same meaning as in section 201 of this act.

"(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

"(1) The mortgaged property shall be located in a delineated area (within an urban renewal area as defined in title I of the Housing Act of 1949, as amended) with respect to which delineated area a specific plan of redevelopment or of rehabilitation and conservation has been established to carry out the purposes set forth in subsection (a) of this section: *Provided*, That, in the opinion of the Commissioner (i) there exist necessary authority and financial capacity to assure the completion of such plan and (ii) such plan will be effective to assure compliance with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

"(2) The mortgaged property shall be held by—

"(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales,

charges, capital structure, rate of return and methods of operations, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the Section 220 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

"(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

"(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

"(A) not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (i) 95 percent of \$8,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 75 percent of such value in excess of \$8,000: *Provided*, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount; or

"(B) (i) not to exceed \$5 million, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50 million; and

"(ii) Not to exceed 90 percent of the estimated value of the property or project when the proposed improvements are completed (the value of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

"(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$3,100 per family unit if the number of rooms in such property or project is less than 4 per family unit): *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$3,100 per family unit to not to exceed \$3,400 per family unit, as the case may be, to compensate for the higher cost incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That a mortgage coming within the provisions of this paragraph (3) (B) shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of section 207 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized

a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount: *And provided further*, That nothing contained in paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

"(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954, has authorized a greater maturity, in which event the maturity of such mortgage shall not exceed such greater maturity: *Provided*, That such maturity shall not exceed, in any event, 30 years from the date of insurance of the mortgage. The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

"(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to Section 220 Housing Insurance Fund.

"(g) There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such fund the sum of \$1 million from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this act. General expenses of operation of the Federal Housing Administration under this section may

be charged to the Section 220 Housing Insurance Fund.

"Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

"Sec. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families to be displaced as the result of governmental action in a community respecting which (1) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal-aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families to be so displaced, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *And provided further*, That the total number of dwelling units in properties covered by mortgages insured under this section in any such community shall not exceed the total number of such dwelling units which the Commissioner determines to be needed for the relocation of families to be so displaced and who would be eligible to obtain the benefits of the insurance authorized by this section.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) As used in this section, the terms 'mortgage,' 'first mortgage,' 'mortgagee,' 'mortgagor,' 'maturity date,' and 'State' shall have the same meaning as in section 201 of this act.

"(d) To be eligible for insurance under this section, a mortgage shall—

"(1) have been made to and be held by a mortgagee approved by the Commissioner as

responsible and able to service the mortgage properly;

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$7,600, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not to exceed 100 percent of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least \$200 (which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses): *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 percent of the appraised value; or

"(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$5 million; and not in excess of \$7,600 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not in excess of 100 percent of the Commissioner's estimate of the value of the property or project when repaired and rehabilitated for use as rental accommodations for 10 or more families eligible for occupancy as provided in this section; and

"(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed 40 years from the date of insurance of the mortgage; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed such percent per annum not in excess of 6 percent, as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

"(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this act with respect to mortgages insured under section 203; and the provisions of subsection (b), (c), (d), (e), (f), (g), and (h) of section 204 of this act shall be applicable to such mortgages insured under this section, except that all references therein to the mutual mortgage insurance fund or the fund shall be construed to refer to the section 221 housing insurance fund and all references therein to section 203 shall be construed to refer to this section; or

"(2) as to mortgages meeting the requirements of paragraph (3) of subsection (d) of this section, as provided in section 207 (g) of this act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this act shall be applicable to such mortgages insured under this section, and all references therein to the housing insurance fund or the housing fund shall be construed to refer to the section 221 housing insurance fund; or

"(3) in the event any mortgage insured under this section is not in default at the expiration of 20 years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the 6-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such 6-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such 6-month period, on all outstanding marketable obligations of the United States having a maturity date of 8 to 12 years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than 8 years and the obligation next

longer than 12 years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this act.

"(h) There is hereby created a section 221 housing insurance fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such fund the sum of \$1 million from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this act. General expenses of operation of the Federal Housing Administration under this section may be charged to the section 221 housing insurance fund.

"Moneys in the section 221 housing insurance fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the section 221 housing insurance fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such fund."

SEC. 124. Title II of said act, as amended, is hereby further amended by adding at the end thereof the following new section to transfer to title II the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX; and to authorize the insurance under title II of mortgages assigned to the Commissioner under insurance contracts and mortgages held by the Commissioner in connection with the sale of property acquired under insurance contracts:

"Miscellaneous housing insurance

"SEC. 222. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203 or section 207, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203 or section 207 of this title any mortgage—

"(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, 76th Congress, as amended; Public Law 781, 76th Congress, as amended; or Public Laws 9, 73, or 353, 77th Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

"(2) executed in connection with the sale by the Public Housing Administration, or by any public housing agency with the approval of the said administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, 76th Congress; or

"(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Md.; and Greendale, Wis., developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties under the jurisdiction of the Tennessee Valley Authority; or

"(4) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

"(5) executed in connection with the first resale, within 2 years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), and (3) above; or

"(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 903 or section 908 of title IX: *Provided*, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than 12 years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 percent of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be.

"(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II."

SEC. 125. Title II of said act, as amended, is hereby amended by adding at the end thereof the following new sections:

"Interest rates and mortgage terms"

"SEC. 233. The Commissioner shall make such rules and regulations in connection with his functions under this act as may be necessary to carry out limitations relating thereto established by the President pursuant to the authority vested in him by section 201 of the Housing Act of 1954.

"Open-end mortgages"

"SEC. 224. Notwithstanding any other provisions of this act, in connection with any mortgage insured pursuant to any section of this act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an 'open end' provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided*, That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such 'open end' advances: *And provided further*, That the insurance of 'open end' advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this act."

Additional amendments relating to Federal Housing Administration

"SEC. 126. Title VI of said act, as amended, is hereby amended by adding the following new section at the end thereof:

"SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date."

"SEC. 127. Title VII of said act, as amended, is hereby repealed. The Housing Investment Insurance Fund established to carry out the purposes of said title shall be terminated as of the effective date of the Housing Act of 1954, at which time all of the remaining assets of such fund, shall be transferred to the National Defense Housing Insurance Fund. The amount remaining of funds appropriated to the Secretary of the Treasury by the Supplemental Appropriation Act, 1949 (Public Law 904, 80th Cong.), to be made available to the said Housing Investment Insurance Fund shall be carried to the surplus fund of the Treasury.

"SEC. 128. Section 803 (a) of said act, as amended, is amended by striking out "July 1, 1954" and substituting therefor "June 30, 1955".

"SEC. 129. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended by striking out the material within the parentheses in clause (a) and substituting therefor "except pursuant to a commitment to insure issued on or before such date".

Mr. WOLCOTT (interrupting the reading of title I). Mr. Chairman, I ask unanimous consent that the further reading of title I be dispensed with and that the whole title be open to amendment from this point on.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. PATMAN. Mr. Chairman, reserving the right to object, and I shall not object, I would like to know where we

would be after title I is read. This is page 146, line 15?

The CHAIRMAN. The title ends on page 146, line 15.

Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT:

Page 122, in line 17, strike out "located in" and insert in lieu thereof "where such dwelling accommodations are located in (1)."

Page 122, insert before the period in line 22 a comma and the following: "or (2) the area of a project covered by a Federal-aid contract which has been executed, or with respect to which prior approval has been granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954."

Page 123, strike out lines 7 through 9 and insert in lieu thereof "date of their execution or disbursement thereon."

Page 123, in line 16, strike out "The" and insert in lieu thereof "Unless located in an area referred to in clause (2) of subsection (a) of this section, the."

Page 123, in line 22, strike out "That," and insert in lieu thereof "That (with respect to such delineated area)."

Mr. WOLCOTT. Mr. Chairman, may I say that a copy of this amendment has been submitted to the minority members of the committee with the explanation that this is more or less of an oversight when we considered the bill in the committee. I do not think there will be any objection to it.

May I make this statement, that this amendment simply makes clear that the new FHA section 220 insuring authority would also operate in connection with a present slum clearance or urban redevelopment program which is now underway.

In addition to the changes proposed by this amendment, when we reach page 182 of the bill it will also be necessary to insert some additional language in connection with accomplishing the purposes of this amendment.

Mr. SPENCE. Mr. Chairman, I am sure there will be no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The amendment was agreed to.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: At page 119, line 11, strike out "estimated value of" and insert in lieu thereof "lesser of either the appraised value or the estimated cost of."

Mr. MULTER. Mr. Chairman, this is the last of a series of amendments that I will offer with reference to the defects in this bill. I called your attention to the credit controls, and you refused to improve the bill. I have called your attention to the service charges which should not be imposed. I have called your attention to the necessity of preventing kickbacks when I offered the amendment to prevent mortgaging-out.

Other very serious defects have been pointed out, with little hope of any attention from this body.

Now, there is one more that I want to call to your attention.

These defects appear in almost every title in this bill.

This would be a good place to set forth the minority views of our committee, as follows:

[H. Rept. 1429, pt. 2, 83d Cong., 2d sess.]

HOUSING ACT OF 1954

(Mr. SPENCE, from the Committee on Banking and Currency, submitted the following minority report:)

This report is filed on behalf of those members whose signatures appear at the end of the report.

We of the minority find ourselves in fundamental disagreement with the majority on numerous major aspects of H. R. 7839. These include: (1) Failure to maintain traditional veterans' housing preferences; (2) failure to provide a realistic workable secondary mortgage market; (3) delegation to the President of authority to set maximum interest rates on FHA and VA mortgages; (4) delegation to the President of authority to control real-estate credit; (5) failure to authorize any units of low-rent public housing; (6) failure to establish safeguards against "mortgaging-out" under the various FHA rental housing programs; and (7) failure to require builders of FHA and VA houses to give the home buyer a warranty against defective construction.

In order that the House may be fully cognizant of the seriousness of these deficiencies, a detailed analysis of each is set forth below.

VETERANS' PREFERENCE

The minority regrets that your committee has not seen fit to continue the traditional congressional policy of veterans' preference in the field of housing. We believe the veteran, by his wartime service, earned the right to the preference that he has been accorded. Even if this were not true, however, he would be entitled to this preference because his lengthy absence from civilian life has placed him at a decided disadvantage in obtaining adequate housing. Unfortunately H. R. 7839 does much to dilute that preference.

Amendments to title II of the National Housing Act contained in title I of the bill would have immeasurable effect on the GI home-loan program in several respects. The proposed increase in loan-to-value ratios and the reduction in cash downpayments, together with the increase in the permissible term of the loan which will make lower monthly carrying charges possible, will make considerably more liberal financing terms possible for home purchasers under the FHA program. This, of course, would tend to dilute the preference which has been available to veterans obtaining GI financing, since the amendments would place nonveterans in virtually an equal position in respect to housing credit terms.

On the other hand, it is noted that the only action which the President could take in respect to VA-guaranteed home loans would be to make GI loan terms more restrictive. All eligible veterans, including recent veterans of the Korean conflict, will be deprived to a considerable degree of the preferred position they heretofore enjoyed in respect to housing credit.

In the reconstitution of the Federal National Mortgage Association provided under title III of the bill, there is no provision that preferred support continue to be given to GI loans under the reconstituted secondary market facility. Similarly, GI loans are not enumerated among the special Fannie May assistance programs authorized by subsection 301 (b) of the bill.

Under present law, the Administrator of Veterans' Affairs is authorized, with the approval of the Secretary of the Treasury, to establish such rate of interest on VA mort-

gages, not in excess of $4\frac{1}{2}$ percent, as he may find the loan market demands. The National Housing Act provides similar authority for adjustment of maximum interest rates by FHA up to a maximum of 6 percent for most home mortgages. Since the Federal Housing Commissioner has adequate authority already to authorize an upward adjustment of the interest rate on FHA loans, the effect of section 201 is to make an upward adjustment of the interest rate for GI loans possible whenever the mortgage bankers decide to tighten the market.

The bill provides that the average yield on all marketable Government bonds with a maturity of 15 years or more shall be the base for comparison with FHA and VA interest rates. While the majority of VA loans are written for terms of 20 or 25 years, under the statutory maximum of 30 years, the best available estimates indicate that such mortgages will probably have an average life of not over 10 or 12 years. Accordingly the inclusion of extremely long-term issues such as the $3\frac{3}{4}$ -percent issue maturing in 1983 in the average used for comparison with mortgage interest rates will result in maintaining an artificially high maximum interest rate on home mortgages for veterans.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Title III is the most important section of the Housing Act of 1954. An adequate and readily available supply of mortgage financing is a prime requirement for a high and sustained volume of homebuilding. Yet, according to the consensus of testimony before the committee, title III in its present form imposes unduly restrictive requirements upon FNMA and may actually have the effect of deterring mortgage lending instead of sustaining it. Specifically it was pointed out to the committee that the 3-percent nonrefundable contribution to the Federal National Mortgage Association, to be borne by the lender upon mortgage sales to FNMA, will unduly restrict use of the facility. It is noted, in passing, that it is unlikely lenders will assume the burden of the 3-percent contribution. Rather, the homebuilder, or more likely, the home buyer will ultimately pay it. Consequently, under the bill Federal credit (and equity capital provided by home purchasers) will be used to build up a multi-million-dollar secondary market reserve facility which will then be turned over to banks and insurance companies, who sold mortgages to FNMA but otherwise contributed little to acquire ownership share.

Under title III, the FNMA requirement to purchase at or below market price, the 3-percent contribution and the service fee, may result in a discount on home mortgages of $6\frac{1}{2}$ to 7 percent under today's market condition.

The president of the National Association of Homebuilders testified:

"On a \$12,000 loan, for example, this formula would result in a cost for permanent mortgage financing of \$750 to \$850. This equals, and probably exceeds, the extremely high discounts which characterized the mortgage market during last summer's unusual credit stringency."

Furthermore, the requirement that the Association liquidate its portfolio of old mortgages and limit its new purchases to mortgages which can be readily resold does not contribute additionally to the stability of the mortgage market now provided by conventional private brokerage operations. These requirements in fact create the danger that an undue increase in the mortgage supply arising from FNMA sales may lead to price declines.

Preference heretofore accorded GI mortgage loans in the secondary market operations of the FNMA is not continued under the bill. GI loans are not specifically included in the category of home mortgage loans for which FNMA is authorized to pro-

vide special assistance. Neither, apparently, is the special assistance which FNMA has given FHA section 213 cooperatives to be continued. The bill establishes no priority for use of the limited total of \$700 million authorized for the special assistance secondary market operations under section 301 (b). In the aggregate this amount could only assist the construction of approximately 70,000 dwelling units. To operate practically in the field of housing that needs special assistance by secondary market support, a system of priorities and a larger sum would appear to be required.

Finally it would appear that an appropriate policy statement indicating specifically the purpose that a secondary market facility is intended to serve should be included.

The National Association of Home Builders, representing the industry that does the constructing, has suggested the following:

"It should help provide an adequate and stabilized mortgage market so that homes may be provided in the volume, in areas, of the size, and at the prices that the home-buying market requires."

The provisions of title III, in the opinion of the NAHB, "will prove unworkable and possibly do more to depress than to assist the mortgage market. Its terms go far beyond those reasonably necessary to prevent excessive use and, in effect, amount to a complete denial of the facility to the very users for whom it is intended."

INTEREST RATES

Under the authority vested in the President by title II of H. R. 7839 to adjust interest rates, fees, and service charges, maximum financing charges on federally aided home mortgage loans may go as high as 7 percent on the lowest priced housing (the new FHA sec. 221 program), $6\frac{1}{2}$ percent on the other FHA-insured mortgages and $5\frac{1}{2}$ percent on VA-guaranteed home mortgage loans.

In this connection it is pointed out that under section 203, the FHA Commissioner already has authority to raise interest rates on most insured mortgages as high as 6 percent. On the other hand, under present law the maximum rate on GI home loans cannot be higher than $4\frac{1}{2}$ percent. Consequently, it appears that the net effect of the new authority proposed under section 201 of the bill is to enable increases in interest rates to be made on GI home loans.

Concerning the desirability of establishing maximum limits and using automatic formulas as guides in setting effective financing charges on federally aided home mortgages, we recall the witness representing the Veterans' Administration stating that there is "considerable administrative experience to the effect that maximums tend to become minimums as well."

Provision for a $2\frac{1}{2}$ percent spread over the yield on long-term marketable Government bonds under title II of the bill represents a rise of 1 percentage point in the spread that investors were willing to accept prior to the inauguration of the tight credit policies in early 1951. In view of the considerable easing of the money and credit supply since mid-1953, it does not appear necessary to provide for an increase in the traditional spread of $1\frac{1}{2}$ percent between the maximum rate on federally aided home mortgages and the yield on long-term Government bonds, unless it is intended to reimpose restrictive tight money conditions on the economy.

Furthermore, in view of the testimony presented before the committee that the estimated average life of VA and FHA mortgages is considerably less than 15 years, using the yields on bonds with from 15 to 30 years remaining to maturity as the basis for setting maximum interest rates on such mortgages is highly questionable.

CONTROL OF REAL ESTATE CREDIT

Subsection 201 (5) would give the President authority to control real estate credit. It was under similar authority contained in

the Defense Production Act of 1950 that regulation X was issued.

In the opinion of the minority, real estate credit controls are in reality a rationing mechanism, not a credit control mechanism. They are, moreover, a one-way rationing mechanism. They ration housing solely on the basis of the ability of the people who need housing to raise the downpayment. In recommending the termination of real estate credit controls on June 16, 1952 (p. 15, H. Rept. 2177, 82d Cong., 2d sess.), your Committee on Banking and Currency stated:

"Evidence was presented to your committee that the inevitable discriminatory aspect of credit controls; namely, that they bear most heavily upon those in the lower income groups, who have less ready cash, had in the existing situation overshadowed the anti-inflationary aspect."

In 1953, a proposal to restore this authority was rejected by your committee.

Only a grave national emergency would justify the reimposition of real estate credit controls. In the admitted absence of such an emergency, the minority is opposed to granting the President authority to reimpose them.

LOW-RENT PUBLIC HOUSING

Several facts were developed throughout the hearings on H. R. 7839 with reference to the need for congressional action on the size of the low-rent public housing program, even though this issue is not dealt with in this measure.

Emphasis was placed by administration spokesmen and by a large majority of other witnesses on proposals to accomplish slum clearance, urban redevelopment, and urban renewal. Great hope was expressed that new programs under sections 220 and 221 under the Federal Housing Administration would make it possible to rehabilitate old homes, sound in structure, and provide new housing at low cost and with liberal financing terms for families presently living in substandard housing.

The minority agrees totally with the objectives of these programs. However, if old housing is to be rehabilitated and refinanced, one fact is very clear. A substantial number of families, probably half, presently living in the substandard units will be forced to vacate because their economic status will not permit them to live in the more expensive remodeled and modernized homes. It is also a fact that a program of rehabilitation will reduce, rather than enlarge, the housing supply. In those instances where slum housing is demolished as part of an urban renewal program, at least half of the tenants of the old property will have insufficient incomes to permit home purchases even of the proposed \$7,600 house (\$8,600 in high-cost areas), if it can be built, with no downpayment and 40 years to pay.

It follows, therefore, that unless provision is made to rehouse low-income families, displaced through either renewal or slum clearance, these programs cannot be undertaken and the objectives of H. R. 7839 can never be realized.

The President in his housing message recognized that fact when he urged that 35,000 units of low-rent public housing be provided in fiscal year 1955 and during each of the following 3 years. Administrator Albert M. Cole indicated that such a program was essential for the rehousing of many displaced families. While it is the opinion of the minority, that a program of 35,000 public-housing units would be entirely inadequate, even if limited to families displaced by slum clearance, urban renewal, or for other public purposes, it would at least have been something.

The entire issue of public housing has always been within the initial jurisdiction of the House Committee on Banking and Currency. The Housing Act of 1949 provided for 810,000 of such units to be built at the rate of 135,000 a year for a 6-year period.

That still represents basic national policy, except as it has been amended by legislative limitations on appropriation bills voted under a waiver of rules. The size of the program goes to the very heart of the public housing issue. But no reference to size is contained in H. R. 7839.

The minority recommends that the proposed Housing Act of 1954 be amended by striking unit limitations adopted in the passage of the Independent Offices Appropriation Acts for fiscal years 1953 and 1954, thereby returning to the basic provisions of the Housing Act of 1949. If that were done the President would have to increase or decrease the size of the public-housing program in line with economic needs and considerations. It would make it possible for him to carry out the program he proposed, and to meet the needs of families of low income displaced by the slum clearance and urban renewal program he recommends. It is the desire of the minority to make his program realistically workable.

At the same time, by establishing the size of the low-rent public-housing program as part of a total housing program, it would be returned to its place of proper jurisdiction; namely, with the basic legislative committee, the House Committee on Banking and Currency.

PROTECTION AGAINST MORTGAGING-OUT

It is the opinion of the minority that every reasonable legislative safeguard must be provided against abuses in existing and proposed rental-housing programs where the Federal Government is assuming large risks. Members of Congress will recall that under the FHA 608 rental-housing program there were instances where mortgagors completed projects for less than the amount of the mortgage and pocketed the difference plus normal profits. This was commonly referred to as mortgaging-out.

When FHA title IX, as part of the Defense Housing and Community Facilities and Services Act of 1951, was adopted, it was amended with bipartisan sponsorship to require that the mortgagor certify upon completion of the physical improvements on the mortgaged property the amount, if any, by which the proceeds of the mortgage loan exceeded the actual costs of the physical improvements, and to pay within 60 days after such certification to the mortgagee for application to the reduction of the principal amount of the mortgage the amount so certified to be in excess of actual cost. It provided protection against kickbacks and other abuses. Last year, the Congress added an identical provision to FHA title VIII (Wherry Act military housing).

Efforts of the minority to protect the new programs under FHA section 220 and 221 and existing programs under FHA sections 207 (rental housing) and 213 (cooperatives) with identical safeguards were defeated.

MANDATORY BUILDER'S WARRANTY

The minority feels that the buyer of a 1- or 2-family house, built with Federal assistance, should be given a warranty by the builder that the house has been built according to the plans and specifications on which the Federal assistance was based. Such a provision was included in last year's housing bill, as reported by your committee. It passed the House without opposition, but was eliminated in conference. A mandatory builder's warranty would carry out the chief recommendation resulting from the Rains subcommittee's investigation of housing constructed under the FHA and VA programs. The subcommittee found that the purchasers of FHA and VA houses generally bought through purchase contracts which did not contain, or incorporate by reference, plans or specifications which would in any way protect the buyers. On the basis of these contracts they rarely had any legal basis for

suit against the builders. The minority feels that a mandatory builder's warranty is an absolute necessity if the defective construction of FHA and VA houses is to be prevented in the future.

In taking this position, however, the minority wishes to emphasize that the requirement of a warranty is not a reflection on the honest builder. In fact, providing the buyer with a warranty is a common practice in many other lines of industry. When a person buys a house he is, as a rule, making a lifetime investment and he should have reasonable protection.

It is the intention of the minority to offer amendments on the floor of the House with the view to correcting the several major deficiencies, described above, contained in H. R. 7839. We are firmly convinced that the adoption by the House of these amendments to the Housing Act of 1954 is an absolute necessity if the President's laudable recommendations to provide the country with a new and dynamic housing program are to be transferred by this Congress into concrete statute form.

BRENT SPENCE, WRIGHT PATMAN, ALBERT RAINS, ABRAHAM J. MULTER, CHARLES B. DEANE, GEORGE D. O'BRIEN, HUGH J. ADDONIZIO, ISIDORE DOLLINGER, RICHARD BOLLING, WILLIAM A. BARRETT, WAYNE L. HAYS, BARRATT O'HARA, EUGENE J. MCCARTHY.

I can do no more than make the record.

We on the Democratic side of the aisle have placed the responsibility upon the shoulders of the majority party. Let them try to explain when they go back to their districts why this program does not produce any housing and why it does not give the homeowner an opportunity to buy a house, as they pretend this bill will do and why the homeowner, veteran and nonveteran, alike, will overpay.

Heretofore we have required mortgages to be made on the basis of the cost of construction. The estimated cost of construction was used in determining the amount of the mortgage. In this bill, instead of using "estimated cost" the words "estimated value" are substituted. The Agency told us if you used the words "appraised value" you would be using a term that is known in the real estate trade, that has definite meaning. It has definition attributed to it by the courts. You know where you are going. But the majority of the committee would not accept that. They insisted on sticking to the words, "estimated value," so that in estimating a \$10,000 home you can fix a \$15,000 estimated value for it and thus get a fictitiously high mortgage, which FHA will insure and guarantee.

This amendment seeks to strike out the language "estimated value" and put in its place "the lesser of either, the appraised value or the estimated cost" of the unit; and, in that way at least, give some additional safeguard. This will set up in this bill some standard so that we will not let the speculative builder run away with this program and take out of the mortgage profits which he should get only out of the building.

I urge the adoption of the amendment.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

This matter was studied by the committee exhaustively. We had testimony

from those who are more familiar with this type of financing than any others, noticeably the Bowery Savings Bank of the gentleman's hometown of New York. This is a safeguard against the practices which the gentleman was afraid of, in his talk yesterday.

At the present time, for example, on 213, they are what we call cooperative projects, their insurance can go as high as 95 percent. This language is to protect the Government and the cooperative veteran members themselves. The amendment surely should be defeated.

Mr. YOUNGER. Mr. Chairman, I move to strike out the last word.

Yesterday, the gentleman from New York [Mr. MULTER] talked about the builders as though they were doing a great injury. He overlooked the fact that in the history of the FHA, the 608, or the military housing, was based on cost. It was true that basing it on cost there were mortgages insured which had value greater than the construction cost. The defense housing, in 207, was based on value. There was no trouble with that. The Wherry Act housing was on cost. The 213, the cooperatives, were on cost. Now you want to change the estimated value, which is the same term that was used in title 2.

As a matter of fact, the term "value estimator" is a common expression. I am talking here on one subject, at least, that I know something about, because I think I am the only Member of the House who is a member of the appraisal union, the American Institute of Real Estate Appraisers. I have spent my life in this. What you want to do is to restore the cost, and in restoring the cost you are opening the doors. That is what the gentleman has been attempting to do repeatedly.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. Just for a question.

Mr. MULTER. Before I can put the question I must direct the gentleman's attention to the language in the amendment. This does not restore "cost." It says the lesser of either the appraised value or the estimated cost.

The question I wanted to direct to the gentleman is, Is it not a fact, as an appraiser who knows his business, that wherever we find now the word "value" in the Housing Acts up to now it has been coupled with the word "appraised," in the law heretofore and even in this bill in various places? We still use the phrase "appraised value." What I am objecting to is that you are now substituting for "appraised value," which has a very definite meaning in the trade, the phrase "estimated value." I say take, instead of estimated value, the lesser of either the appraised value or the cost.

Mr. YOUNGER. I think the gentleman will find that "estimated value" is the correct term. It is well recognized in the appraisal field. When you tie that in with the estimated cost, then you are tying it in improperly, insofar as the appraisal work is concerned. All you are doing is simply balling up the whole situation.

Mr. MULTER. Does the gentleman say that a man should get the higher of the two, either the cost or the estimated value?

Mr. YOUNGER. I have faith enough in the appraisal policies, the appraisal procedure that has been followed by the FHA, as it is carefully worked out. Where you have left it to the appraised value or the estimated value you have had no trouble, but where you have tied it in with cost, as you did with the military housing under the Wherry Act, you have had trouble. If you are going to do this again, as you are attempting to do, you will institute more trouble.

Mr. MULTER. We have never tried it this way.

Mr. YOUNGER. I hope the amendment is defeated, Mr. Chairman.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield to the gentleman from Iowa.

Mr. TALLE. If I am correctly informed, the gentleman from California has many years of experience as an appraiser under FHA; is that not correct?

Mr. YOUNGER. No. I went through the first appraisal school, set that up for the FHA and selected all the appraisers in the 20 western States. I have made loans under it and have worked carefully with it. However, I was never an official appraiser of theirs. I was with the HOLC.

Mr. TALLE. The gentleman does not say it, but on my own account I will say, Mr. Chairman, that certainly the gentleman from California is the voice of experience speaking in the appraisal field.

Mr. YOUNGER. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

The Clerk proceeded to read title II.

Mr. WOLCOTT (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that title II in its entirety be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the gentleman from Michigan?

There was no objection.

Title II is as follows:

TITLE II—HOME MORTGAGE INTEREST RATES AND TERMS

SEC. 201. On the basis of reviews, which shall be made from time to time at the request of the President by a committee consisting of the Secretary of the Treasury, as Chairman, the Housing and Home Finance Administrator, and the Administrator of Veterans' Affairs, of conditions affecting the mortgage investment market (including current market yields on comparable investments such as long-term obligations of the United States and of States and municipalities and long-term corporate bonds), and after taking into consideration conditions in the building industry and the national economy, the President is hereby authorized, without regard to any other provision of law except provisions hereafter enacted expressly in limitation hereof, to establish from time to time—

(1) the maximum rates of interest (exclusive of premium charges for insurance and service charges, if any) for various classifications of residential mortgage loans insured or guaranteed or made under the National

Housing Act, as amended, or the Servicemen's Readjustment Act of 1944, as amended: *Provided*, That no such maximum rate of interest shall, at the time established by the President, exceed 2½ percent plus the annual rate of interest determined by the Secretary of the Treasury, at the request of the President, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such maximum rate of interest, on all outstanding marketable obligations of the United States having a maturity date of 15 years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent;

(2) the maximum financing charges for various classifications of loans as to which financial institutions are insured against losses under title I of the National Housing Act, as amended;

(3) the rate of interest for debentures issued under the National Housing Act, as amended, in connection with defaults upon mortgages insured thereunder: *Provided*, That no such rate shall, at the time established by the President, exceed the annual rate of interest determined by the Secretary of the Treasury in the manner set forth in numbered clause (1) of this section;

(4) the maximum fees and charges permitted to cover the costs of the origination of, including the costs of supervision of non-Government-assisted construction loan disbursements in connection with, residential mortgage loans insured or guaranteed under the National Housing Act, as amended, or the Servicemen's Readjustment Act of 1944, as amended, and the maximum special service charges, if any, permitted in connection with those mortgages insured under section 203 of said National Housing Act for which such special service charges may be found to be appropriate by the President on the basis of the low original principal amounts of the mortgages or on the basis of other factors impeding an adequate flow of credit for the type of housing involved and in connection with mortgages insured under section 220 or 221 of the National Housing Act, as amended; and

(5) the maximum ratios of loan to value and the maximum maturities with respect to residential mortgage loans eligible for assistance under the National Housing Act, as amended, or the Servicemen's Readjustment Act of 1944, as amended, and the maximum dollar amount limitation per room or per family unit with respect to such mortgage loans eligible for assistance under the National Housing Act, as amended: *Provided*, That no such maximum ratio of loan to value and no such maximum dollar amount limitation in the case of mortgages insured under the National Housing Act, as amended, shall be in excess of the applicable maximum ratio of loan to value or the applicable maximum dollar amount limitation per room or per family unit prescribed by that act, and no such maximum maturity shall be in excess of the applicable maximum maturity prescribed by the National Housing Act, as amended, or the Servicemen's Readjustment Act of 1944, as amended: *Provided, further*, That in establishing the maximum ratio of loan to value there shall be accorded to veterans obtaining loans made, guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended, a preference of not less than 5 percent on the first \$8,000 of the value of the related unit and 5 percent of such value in excess of \$8,000: *And provided further*, That no action by the President pursuant to this section shall apply with respect to loans made, or loans with respect to which a contract of insurance or guaranty or a firm commitment to insure or guarantee has been entered into, under the National Housing Act, as amended, or the

Servicemen's Readjustment Act of 1944, as amended, prior to such action.

SEC. 202. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended by adding the following new section at the end of title III:

"Sec. 515. With respect to mortgage loans for the purchase or construction of residential property (not including farm homes) guaranteed, insured, or made pursuant to this title, the Administrator shall make such rules and regulations concerning (1) maximum rates of interest for such residential mortgage loans, (2) maximum ratios of loan to value and maximum maturities with respect to such residential mortgage loans, and (3) maximum fees and charges permitted to cover the costs of the origination of, and of the supervision of construction loan disbursements in connection with, such residential mortgage loans as may be necessary to carry out limitations relating thereto established by the President pursuant to the authority vested in him by section 201 of the Housing Act of 1954."

SEC. 203. Section 501 (b) of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended to read as follows:

"(b) Any loan made to a veteran for the purposes specified in subsection (a) of this section 501, may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 percent of the loan: *Provided*, That the aggregate amount of any guaranties to a veteran under this title shall not exceed \$7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which as payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title."

SEC. 204. Section 504 of the Housing Act of 1950, as amended, is hereby repealed.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 146, strike out line 16 and all that follows down to page 151, line 22.

STRIKE OUT TITLE II

Mr. PATMAN. Mr. Chairman, by striking out title II, you strike out the high interest mandatory provision in this law for borrowers to buy or build homes. In addition to that, you strike out the attempt that is written into this title to restore regulation X. Regulation X was under the Defense Production Act of 1951. It became very unpopular when the emergency was over. Now, with no emergency, this bill would restore completely regulation X. May I invite your attention to the fact that on page 147 of the bill, the phrase is used "The President is hereby authorized, without regard to any other provision of law except provisions hereafter enacted expressly in limitation hereof, to establish from time to time—" these regulations that I refer to. Now read again, if you please, may I suggest to the gentleman from Indiana [Mr. BROWNSON] who had an amendment adopted yesterday concerning lower down payments—that means that if this is adopted the Brownson amendment is out the window. And read again this amendment. It says, "The President is authorized without regard to any other provision of law except provisions hereafter enacted expressly in limitation

hereof to establish from time to time" these things. Read again your veterans' 4½-percent-interest law. It is worthless, it is out the window, if this is enacted by this Congress. There are two things it will do. First, it will restore regulation X, which you do not want. Another thing it will destroy the veteran's right to get his interest rate at 4½ percent and make it 6 percent under this, if you vote for it. In addition to that, it will increase the pattern of interest rates a minimum of 1 percent. I do not believe you want either one of the three, and the way to get rid of them is to strike out title II.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MERRILL. Is the gentleman not aware of the fact there has been an authorization in housing legislation to increase interest rates all along, and that at no time has the actual interest rate fixed by legal authority gone up to the maximum. Therefore, history argues against your statement that the maximum allowed here is going to be the actual interest rate. Is that not true?

Mr. PATMAN. Let us forget history and take the present, current situation. Interest rates were raised on veterans a maximum from 4 percent to 4½ percent. Why? Because long-term Government bonds at 2½ percent went down to 89. That made those bonds actually earn or draw about 3 percent interest. Therefore, the money lenders and investors had an unanswerable argument to raise the interest rate to 4½ percent so that there would be a spread of 1½ percent from the 3 percent to the 4½ percent. There was no argument against that. It was perfectly justified. But, now the situation has changed and the bonds have gone back to par. The interest rates have gone back to 2½ percent. Therefore, veterans' interest rates should have come down to 4 percent. But you people are keeping it at 4½ percent. It ought to be reduced today. It ought to be reduced today, but instead of reducing it today, if you pass this, they will put another 1½ percent interest on top of it, and throw your veterans' preference out of the window.

Mr. MERRILL. Mr. Chairman, will the gentleman yield at this point?

Mr. PATMAN. I yield briefly to the gentleman for a question.

Mr. MERRILL. Will the gentleman say whether or not at this time even at 4½ percent interest, the mortgages are selling at a premium, or at a discount?

Mr. PATMAN. I am not concerned about that in this discussion.

Mr. MERRILL. The fact is they are not selling at a premium.

Mr. PATMAN. There are more applications today than they have ever had.

Mr. MERRILL. Is it not true that if the mortgage rates were overvalued these mortgages would be selling at a premium and they actually are not?

Mr. PATMAN. Why do you want to sell them at a premium? There is no reason for requiring that they sell at a premium.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. COOPER. Am I correct in my understanding that the gentleman's amendment includes the position urged by the American Legion and the veterans' organizations?

Mr. PATMAN. Absolutely.

Mr. COOPER. That section 201 and 201 (1) be stricken out of the bill?

Mr. PATMAN. Yes.

Mr. COLE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Please do not insist that I yield. I cannot yield. I have only a few minutes.

I want to quote an organization that I have never quoted before in this House, but they are so right that I must repeat to you what the National Home Builders Association has said. In their bulletin they state:

ANOTHER REGULATION X?

There is strong administration pressure to keep in its hands the powers to vary not only interest rates but also FHA down payments, mortgage amortization terms, fees, and charges, and maximum dollar limits per room or per unit. This is urged by Government spokesmen as necessary to permit stimulation or contraction of the home-building economy.

Delegation of these powers to administrative officials is vigorously opposed by NAHB as a serious threat to the stability of the industry, disruptive of all normal confidence and long-term planning. No emergency exists as during regulation X days, hence there is no sound basis for such administrative control. It would be confusing to the public as well as an undue delegation of congressional authority. While the authority would be vested in the President, as a practical matter, a number of anonymous Federal officials would determine whether or not and at what point regulations would specify how much buyers would pay down. HHFA Administrator Cole has already testified that, if the bill is enacted in its present form, down payment limits will be established below the bill's maximum of 95 percent of \$8,000 plus 75 percent of the excess.

He has already testified to that. Any time you write this language into the bill—that the President is hereby authorized, without regard to any provision of law except the provisions hereafter enacted expressly—you are throwing the Brownson amendment out of the window because Mr. Cole has given you notice by testifying before the Committee on Banking and Currency as to what he would do.

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Texas.

Mr. TEAGUE. Will the gentleman tell the House who testified in behalf of this section or who was interested in seeing that this section becomes law?

Mr. PATMAN. Well, the mortgage lenders, and the lenders generally are pretty much interested in this 2½-percent provision. It is a boost of 1 percent in interest rates when interest rates

ought to be going down. Naturally they want more interest if they can get it; naturally you cannot blame them if they can persuade Congress to give them a big bonus of several hundred million dollars a year.

Mr. COLE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. COLE of Missouri. Following the question asked by the gentleman from Tennessee [Mr. COOPER] as to what the American Legion thought about this, I find that in title 2; but they also suggest that 901—

Mr. PATMAN. Oh, that is a different subject.

Mr. COLE of Missouri. But will you tell me where that is in the bill?

Mr. PATMAN. Oh, it is away over. A motion will be made to strike that out also.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. McDONOUGH. The gentleman has given the House the impression that the President has this exclusive authority. The gentleman will remember that I insisted in committee that the Housing Administrator, the Veterans' Affairs Director, and the Secretary of the Treasury advise the President.

Mr. PATMAN. I am sorry the gentleman brought that out.

Mr. McDONOUGH. The gentleman gave the House the impression that the President had this authority.

Mr. PATMAN. Yes, I did, because I am protecting your President. I think a lot of Mr. Eisenhower. He is a great man and doing his very best to make a good President and I want to help him. I am not willing to belittle him by saying he is compelled by congressional law to only confer with certain of his inferiors. That is what you would do by that. It is no compliment to the President and I am sorry the gentleman brought it up.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent Mr. PATMAN was allowed to proceed for 3 additional minutes.)

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MERRILL. Does not the gentleman realize that unless title II is enacted there is no possibility under this bill for the reduced amount of down payments provision which the gentleman mentioned under Mr. BROWNSON's amendment to go into effect at all? It is only if this title II is enacted that that can go into effect.

Mr. PATMAN. The gentleman is entirely mistaken. This is the mortgage lender's provision; this is the investor's provision; this is the banker's bonus bill part. You do not want this. There is no reason to give an extra bonus when interest rates are going down. You must keep in step with the times. You know, we are in easy money now; an aboutface has taken place.

Mr. MERRILL. Is not the gentleman aware that the maximum provisions as provided under this bill can only go into effect if the President acts under title II?

Mr. PATMAN. I cannot agree with the gentleman.

Mr. SECREST. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I am glad to yield to the gentleman.

Mr. SECREST. I would like to point out that the Committee on Veterans' Affairs composed of 14 Republicans and 14 Democrats is as far as I know the only committee of this House politically evenly balanced. This committee considered this section and section 901, and unanimously agree that they are a disservice to the veterans and not a service to them.

Mr. PATMAN. I thank the gentleman for his observation.

Mr. SECREST. If the veterans' interests are to be served we should take out both these sections.

Mr. PATMAN. I have before me the Defense Production Act of 1951 which contained the law which brought about the promulgation of Regulation X, and some of the exact language of the Defense Production Act is contained in this bill before you. I will point it out to you. Turn to page 149 of the bill. It states there: "ratios of loan to value."

Turn to the Defense Production Act which brought about Regulation X and it states: "Ratios of loan to value."

On page 149 it states: "And maximum maturities."

Regulation X of the Defense Production Act of 1951 states: "Maximum maturities."—the exact language.

And here we have our friends who have always been strenuously and vigorously opposed to these regulations even in time of war coming in here in time of peace and trying to get you to adopt these strict Regulation X rules.

This title II should be stricken from this bill and I hope you vote that way.

Mr. AYRES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there are many committees established in the Congress. I have been under the impression that it is the purpose of congressional committees when they go out into the field to gather information and do it as unemotionally as they can in order not to harass and embarrass witnesses, but to go into the field and gather facts and information, then come back to the committee and make suggestions and recommendations.

We have a subcommittee established by the chairman of the Veterans' Affairs Committee, the gentleman from Massachusetts [Mrs. ROGERS], which is called the Subcommittee on Veterans' Housing. It is comprised of the gentleman from Texas [Mr. TEAGUE]—who is probably one of the foremost authorities on the GI program in the Congress—the gentleman from Oklahoma [Mr. EDMONDSON], the gentleman from Pennsylvania [Mr. BONIN], the gentleman from Vermont [Mr. PROUTY], and myself. A little over a year ago it was next to impossible to get a GI guaranteed loan in many sec-

tions of the country. We held hearings throughout the Middle West, and at that time it was quite apparent to me—and I want to make it clear that I am not speaking for the other members of the subcommittee—that we were not going to get any GI guaranteed loans unless the interest rate was increased.

The reason for that was twofold. The 4-percent money had dried up, first, because it was not a realistic rate, and, secondly, because the lenders had been left with the impression there was going to be an increase about a year before there was. When that happened they immediately said: "If we are making 20-year loans why not wait until we get a little more?"

To give you an idea of how bitter the feeling was of some bankers throughout the country, I would like to quote from the testimony found in our hearings of March 20, 1953, in Cleveland, Ohio. I do not wish to embarrass this particular banker, but these are his words:

Mr. EDMONDSON. Well, if this interest rate were to be raised from 4 to 4½ or 4¾ percent, would you lower your downpayment requirement?

The BANKER. I believe we would.

Mr. EDMONDSON. How substantial?

The BANKER. One of the reasons we are asking for a 25-percent downpayment is in order to discourage as many GI applications as possible.

That was his attitude at that time. The testimony goes on to show that they had no intention of making loans for a 5-percent downpayment so long as the interest rate remained at 4 percent. We continued our hearings, and it was after completing the hearings in May that the Veterans' Administrator raised the rate to 4½ percent.

This morning I called Mr. King, of the Veterans' Administration, and he tells me that for the month of February they had 34,000 applications for appraisal. That is the second largest month in history and the largest month since the boom of October 1950. To give you an idea of how it is in the Middle West, I received a letter from the veterans' regional director in Cleveland on March 23, in which he said:

Because of money being more readily available and of the many lenders coming back into the picture, our loan activities will exceed any month of the past 2 years. Our increase over March of 1952 is approximately 26 percent and 37 percent more daily than March of 1953, and 20 percent better daily than the largest month of the past 2 years.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Indiana.

Mr. MERRILL. The gentleman will agree that when the interest rate on the GI loans was 2 percent the whole program was stymied. There was no mortgage money.

Mr. AYRES. When the interest was at what rate?

Mr. MERRILL. Four percent. Because there was flexibility in the program at that time you were able to raise the interest rate to 4½ percent and immediately obtained the necessary money, so that the GI's are now getting homes, is that right? It was the fact there was

flexibility in the program at that time that they were able to get homes?

Mr. AYRES. We had the flexibility from 4 to 4½ percent. We still have flexibility insofar as that is concerned.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(At the request of Mr. SECREST, and by unanimous consent, Mr. AYRES was allowed to proceed for 5 additional minutes.)

Mr. AYRES. I may say to the gentleman from Indiana that here is the thing I am afraid of. If we change it now or leave the impression that we will have a higher rate, the same thing will happen that happened a year or 2 years ago. We have a program now that is working to the satisfaction of the veterans' organizations, it is working to the satisfaction of the individual GI buyer, and it is working to the complete satisfaction of the builders, and the lenders are co-operating. I know that the gentleman from Indiana would agree that from a practical point of view, and we hear this politically sometimes, we do not want to change horses in midstream when we are headed in the right direction. At times I think there are gentlemen in Washington, not necessarily in this body, who sit up nights figuring out ways to make it more difficult to understand what is going on.

Mr. MERRILL. Mr. Chairman, will the gentleman yield at that point?

Mr. AYRES. Yes.

Mr. MERRILL. You may remember the time when the GI program was going very well at 4 percent, and then it became completely stymied and it was only because there was flexibility that you were able to rescue the program. Has there ever been a time in all its history when the people in charge of this program have shown a tendency to be over-eager to raise the rate? Has there ever been a time when they have been over-eager to raise the rate as has been forecast by some of the gentlemen from the other side of the aisle?

Mr. AYRES. If you will read the testimony, you will find out that every lender that came before the committee said that if we did not get more money, you would not get any loans. It may be that simple.

Mr. MERRILL. Was there ever a time when the Government officials were over-eager to raise the rate? What I am trying to say is that this idea of the maximum allowed is going to become the actual rate overnight has no historical background. Actually, the Government officials have been reluctant to raise the rate even though they had the authority to do so, so much that is being said is a hobgoblin that has no existence.

Mr. AYRES. I would much rather have pressure applied to 435 Members of the House of Representatives than I would a few members in the executive branch.

Mr. MERRILL. And have the program be stymied for 6 months in the meantime?

Mr. AYRES. The program will not be stymied. I cannot agree with everything that the gentleman from Texas [Mr. PATMAN] says. He is always talk-

ing about lower interest rates. I think he is just as wrong to disrupt the program as long as it is working. There is nothing to compel the lender to ask for 4.5 percent. If this soft money policy that the gentleman from Texas refers to is so soft, then the lender can put the loan out for anything he wants to. But, I think we should say that 4.5 is all he can get under this program.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. Is it not a fact that your committee reported to the full Committee on Veterans' Affairs that it was the unanimous opinion of the Committee on Veterans' Affairs that the interest rate should be fixed at 4.5 percent and should remain at 4.5 percent and no increase above that amount?

Mr. AYRES. The committee did not take any action on raising the interest rate. However, I did find out during the hearings that veterans were just as interested in the low down payment, and he was not begging for something that was not there. But the committee did say that 4.5 percent is as high as we should go at this time, and when the lenders realized that that was all they were going to get, they got into the market.

Mr. SECREST. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Ohio.

Mr. SECREST. When there was a chance of the interest rate going to 4.5, the lenders knew that and they refused to make loans in the hope that the interest rate would be increased. That stymied the program. Now, if we have a 4.5-percent rate and raise it further, they will again sit back waiting to see if they cannot get the additional interest.

Mr. AYRES. That is what I am concerned about.

Mr. SECREST. As it is now, when we are getting a great number of loans in this country, we better let it alone.

Mr. AYRES. I will say to the gentleman that we are also getting a great number of loans at a very low down-payment.

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. AYRES. I yield to the gentleman from Texas, who has done far more work on this than I have. He has been chairman of the subcommittee in past Congresses, and as I have said before, he is recognized as one of the authorities in the field.

Mr. TEAGUE. First I want to thank the gentleman from Ohio.

Buffalo was the only instance where veterans were taken care of. Every veteran that applied for a loan got that loan because those lenders made up their minds to take care of the veterans, and they also testified they were making money on their loans. But I am sorry to say that in other areas where they expected this increase they were not making loans, they were holding back because, as the gentleman said, they were pressuring us to increase the interest rate. The same thing will happen

again if we invite it by passing title II of this bill.

I wish to compliment the gentleman from Ohio [Mr. AYRES], who is chairman of the Subcommittee on Housing of the Veterans' Affairs Committee. I have been privileged to be associated with BILL AYRES on this subcommittee and I wish to say to the House that the subcommittee has operated entirely without partisan consideration. The gentleman from Ohio has exerted a great deal of effort to acquaint himself with conditions in the mortgaging market throughout the United States. Under his leadership, his subcommittee has held hearings in Cleveland, Ohio, Cincinnati, Ohio, Louisville, Ky., Oklahoma City, Okla., and San Antonio, Tex., Los Angeles, Calif., and extended hearings in Washington, D. C. In my opinion, there is no Member of this House who is more conversant with the financial provisions of the veterans' loan guaranty program than the gentleman from Ohio.

The gentleman from Ohio is speaking from experience when he says that his subcommittee was told by literally dozens of lenders that they did not intend to loan money until the interest rate was raised. His subcommittee made a detailed inquiry into the "sitdown strike" by lenders when they were trying to get the interest rate raised from 4 to 4½ percent. He knows whereof he speaks when he says that we are inviting another sitdown strike by indicating to the lenders of this country that it is our attitude that interest rates should go higher. He has supported by facts and figures his statements that the veterans' loan guaranty program is operating successfully now.

I hope that Members on both sides of the aisle will support the distinguished chairman of the Veterans' Affairs Housing Subcommittee in voting title II, which would seriously disrupt the veterans' housing program.

I wish to read a statement prepared by the Veterans' Administration which accurately shows the tremendous amount of money involved should the maximum interest rates allowed by the bill be placed into effect:

ASSISTANT ADMINISTRATOR
FOR LEGISLATION,
DEPUTY ADMINISTRATOR FOR
VETERANS' BENEFITS.
March 3, 1954.

(Letter dated February 19, 1954, from Congressman OLIN E. TEAGUE.)

1. This is in reply to your request for comment on a letter from Congressman OLIN E. TEAGUE, referring to the provisions of section 201 (1) of H. R. 7839. Section 201 (1) establishes a formula which would regulate the maximum interest rate which may be established on residential mortgage loans guaranteed or insured by the Veterans' Administration. Such maximum rate may not exceed 2½ percent plus the annual rate of interest determined by the Secretary of the Treasury by estimating the average yield to maturity on outstanding marketable obligations of the United States having a remaining maturity of 15 years or more, adjusted to the nearest one-eighth of 1 percent.

2. Congressman TEAGUE's letter requests that, based on the formula in section 201 (1), the maximum rate of interest be established for certain dates. Based upon infor-

mation from the Treasury Department, which reflects yields to maturity of all marketable Government obligations maturing in 12 years or more, the maxima for the dates requested are as follows:

	Percent
Feb. 1, 1954.....	5¼
June 30, 1953.....	5½
Jan. 1, 1953.....	5¼
June 30, 1952.....	5½

The Treasury Department has not made the calculations necessary to fit the precise language of the proposed section 201 (1); however, the yield (or interest rate) on the same type of securities maturing in 15 years or more would be only slightly higher (perhaps one to four-hundredths), and not sufficiently different to change the maxima cited above.

3. The Congressman's letter further requests that an estimate be prepared of the amount of increased interest which would have been involved on the veteran loans guaranteed by the Veterans' Administration during calendar year 1953 if maximum interest rates had been in effect as allowed by section 201 (1) instead of the interest rate established by existing law. The Congressman requests that this be estimated (1) for the total permissible life of each loan, and (2) during the first year of the loan's existence.

4. In order to simplify the computations involved, it has been assumed that, if the maximum permissible rate of interest were to be fixed as the actual rate, such a determination would be made as of the first of the year. Accordingly, an interest rate of 5¼ percent has been used as the presumptive interest rate on veteran loans under the provisions of the proposed section 201 (1), even though a higher maximum obtained during part of the calendar year. As a further simplification of the necessary calculations, we have assumed that all GI loans closed in the first half of the year bore the 4-percent rate and that all those closed during the last half of the year were written at 4½ percent. Inasmuch as many 4-percent loans were actually disbursed after the maximum was increased to 4½ percent in May 1953, the use of this assumption is not believed to affect the accuracy of our estimates materially.

5. On this basis, if a maximum rate pursuant to section 201 (1) had been in effect for the calendar year 1953 at 5¼ percent, rather than the 4 and 4½-percent rates actually in effect, the additional amount of interest payments to be made on account of loans guaranteed or insured by the Veterans' Administration would aggregate \$429 million over the total life of the loans. During the first year of all loans guaranteed or insured by VA in 1953, under the same conditions, the difference in interest payments would have been almost \$29 million. The average loan made to a veteran in 1953 amounted to \$9,480. For such a loan with a typical maturity of 20 years, the increase in the interest rate from 4½ to 5¼ percent would require an additional interest payment of \$932.83 over the whole term of the loan. During the first year, the increase in interest would be \$70.72.

6. In connection with these estimates, it should be noted that the rates indicated in paragraph 2 and the rates used in estimating the increased costs are maximum permissible rates of interest. The President, under the provisions of section 201 (1) would be given authority to set the maximum rate from time to time at whatever figure was deemed most appropriate in the light of prevailing conditions, provided it did not exceed the maximum permitted.

RALPH H. STONE.

Mr. AYRES. The gentlemen from Buffalo were most fair in their testi-

mony, but they did testify that they were doing it without making a fair return, and they were going to hold on as long as they possibly could.

I hope that the gentleman's amendment will be supported in order to protect the GI loan program.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to question Mr. AYRES for just one moment further. I think this is perfectly clear, but at the risk of being repetitious, I want to go over it again. The gentleman's fear, I think, is the same as mine; if we hold open the possibility of raising the interest rate, the bankers generally are not going to make loans, in the hope that they will be able to get the maximum.

Mr. AYRES. That is true; plus the fact that I cannot see any reason for changing a program that is working as well as this program is working today.

Mr. HAYS of Ohio. In other words, at the present maximum rate at which the loans are being made?

Mr. AYRES. That is true. They are being made in larger numbers than they have in any month since October in 1950, which was a big year. It is the consensus of those in the field that this will be the second largest GI housing program year in the history of the program.

Mr. HAYS of Ohio. In other words, the interest rate is adequate. If we open the door to another raise, it is more than probable, in the opinion of the gentleman, we will again find that the loans will not be made pending a campaign to get the maximum that they can get, if we increase that maximum?

Mr. AYRES. I think it is only human nature to assume that if the lender who is about to take a 20-year mortgage thinks that he is going to get a higher interest rate 6 months from now, he will think it will be better not to make the loan this month and wait for the higher rate.

Mr. HAYS of Ohio. I think the position of the gentleman on that point, and mine, are identical.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I am glad to yield to the gentleman from Louisiana.

Mr. BROOKS of Louisiana. I should like to say, in addition to what the distinguished gentleman has said with reference to this amendment, that these men who compose the leadership of the American Legion, are very able and patriotic men. They know what the veteran needs and they know what the veteran wants. I find that usually they do not go far wrong in reference to their recommendations to Congress. In this particular instance, we are trying to legislate to assist the veteran to obtain loans and therefore I am glad to be able to join with the gentleman in supporting this amendment.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I am glad to yield to the gentleman from Indiana.

Mr. MERRILL. I should like to point out in answer to that statement which has just been made, that when the interest rate was 4 percent, and because the interest rate was 4 percent, there were no GI loans being made. The GI's could not get houses under the program. At that time, the people to whom the gentleman has just referred were then opposing the raising of the rate to 4½ percent, even though the gentleman from Ohio [Mr. AYRES] pointed out that the minute we did the thing that the veterans' organizations did not want done, the minute we raised the rate one-half percent, the money flowed in and the GI's are now getting their homes. So that history shows actually that we had to go against the recommendations of certain of these veterans' organizations and do the very thing that the gentleman from Ohio [Mr. AYRES] now says is what has enabled the GI's to get homes now, when they were not getting those GI loans before. That is history.

Mr. HAYS of Ohio. Let me say this to the gentleman. There was a campaign at that time which had the sanction of people high in the administration to raise the interest rates. The banks simply went on a strike, because they were pretty sure that they were going to get higher rates. But if this Congress says to them "4½ percent is it, we are not going any higher," I think that is going to settle the matter. But if we leave the door open and we say, "You can go to a higher rate," I think that is what the veterans' organizations are afraid of and I think they are right in being afraid. If we leave the door open, then you are going to have a strike. It has been my personal experience that there are very few banks who are anxious to make any veterans' loans, because they are saying—and I hear this back home—"We are going to wait and see what they are going to do about this interest rate." I think once we make a decision and say "4½ percent is the rate," that is going to settle it and then they will go ahead and make the loans, because then the door will not be open to pressure to raise the rate.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Tennessee.

Mr. EVINS. I will say to the gentleman that the very situation that he has referred to has occurred in the past. There has been, in effect, a freeze on available loan money. The Veterans' Administration was not in favor of raising the interest rate from 4 percent to 4½ percent, but the Veterans' Administrator did so following pressure from other agencies of the Government and following the administration's high-interest rate policy. The Veterans' Administration did not want to raise the VA rate before but were forced to do so following the hard-money policy.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield.

Mr. BROOKS of Louisiana. May I say further that the Federal Reserve embarked on a policy of raising the interest

rates and the Federal Reserve must have known at that time that it would affect the housing program for veterans. When these people abandoned that policy of raising the interest rate we came back all right to a normal program.

Mr. LONG. Mr. Chairman, I move to strike out the last two words, and rise in support of the amendment.

Mr. Chairman, practically all I am going to say has already been said. I merely want to add just a little emphasis to what has gone before.

May I say in the beginning that this is truly the bankers' bonus bill. It benefits no one except the big boys, and that seems to be the trend at this time. The Republicans are trying to pay off their election debts by permitting the bankers to make money. There is no question about that.

I am always inclined to go along with the committees that have studied these measures, especially when the committee is in unanimous agreement; because, usually, the committee has had plenty of time to study the particular bill in question. Having heard the witnesses, I feel they are better able to pass on a bill than I am or anyone else who has not had an opportunity to study it and has not heard the witnesses.

This amendment has been discussed at length in the Committee on Veterans' Affairs, of which I am a member. It is composed of 14 Democrats and 14 Republicans, and I dare say there is not a man or woman on that committee who is not in favor of this amendment.

We know this—the bankers sat down and waited last year, because they knew that if they waited long enough, the interest rate would be raised one-half cent. They waited and, of course, as we all know, the interest rate was raised. This was done without an act of Congress.

What happened then will happen again, if we pave the way. This bill, as it now stands, provides for the interest rates to be raised by the President, and all the bankers have to do is sit and wait. The soldiers will not get any homes until the interest rate is raised again.

There is no reason for raising the interest rate. At the time it was raised, money was a little hard to get; but, today, the situation is changed, and the interest rate should be reduced. Do you hear the bankers saying now that money is easy and they are ready to reduce the rate? No; they will reduce the rate when they are forced to; and if you open the way here now, they will raise the interest rate again.

Referring to the Committee on Veterans' Affairs again, let me say I think we should go along with the committee—not only this committee, but any other committee that votes unanimously—and we are unanimously for this amendment. Our committee has been all over this country studying this very problem, and a poll will show that all of its members, both Republicans and Democrats, are for it.

Please do not come in here and take snapshot judgment and let someone, just for the sake of helping his banker friends

back home, make it possible for the interest rate to go up again on these poor soldiers. I think the interest rate, as I said before, should go down now; and if those interested were trying to help the soldiers, it would go down.

I expect to vote for the Patman amendment, and I trust that it will be adopted.

(Mr. LONG asked and was given permission to revise and extend his remarks.)

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the Committee on Veterans' Affairs is thoroughly in favor of the provisions of the Patman amendment. We believe the interest rate should be established by law, not by an administrative committee. We are unanimous in that feeling.

I am primarily opposed to this section in H. R. 7839, for the reason, first, that it would substantially increase the cost of housing to the veteran; second, it would result in chaos and discrimination by providing one group of veterans with interest rates much lower than other loans which might be negotiated at a later date; third, the uncertainty as to when the rate might change would result in delay in construction and a reluctance on the part of lenders to loan money; fourth, the proposal clearly invades the jurisdiction of the Committee on Veterans' Affairs.

I should like to state great appreciation of our committee's Subcommittee on Housing, of which the gentleman from Ohio [Mr. AYRES] is chairman. He and the other fine members of the subcommittee have done remarkable work on GI housing. They have become experts in that field. The subcommittee has thoroughly studied veterans' housing both here and in the field, by hearings in Ohio, Texas, Oklahoma, and California. All the members of that subcommittee have done splendid work—the gentleman from Vermont [Mr. PROUTY], the gentleman from Pennsylvania [Mr. BONIN], the gentleman from Texas [Mr. TEAGUE], and the gentleman from Oklahoma [Mr. EDMONDSON].

Mr. Chairman, if the interest rate goes up to 5.3 percent, it will cost the veteran over \$900 additional for his loan, over the life of the mortgage. May I also point out the agony of mind the veteran suffers when he does not know whether he is going to be charged 4½ percent, or 5 percent, or more. There is unfairness to the man who has to pay the higher rate of interest. I believe it is entirely unnecessary. We would be discriminatory against different groups of veterans. There could be, under the bill as reported, one interest the first 6 months of a year and an entirely different one the second 6 months.

Mr. VAN ZANDT. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Will the gentlewoman explain just what she meant when she said that this will cost the veteran \$900 in addition?

Mrs. ROGERS of Massachusetts. If this sliding interest rate were in effect

today, the interest rate could be set as high as 5.3 percent. Over a 20-year maturity period a veteran with an average mortgage of \$10,000 would pay \$900 more in interest than he would pay if the rate remained at 4½ percent.

Mr. VAN ZANDT. Does it mean then that the interest rate might be increased then possibly to 5 percent or 6 percent?

Mrs. ROGERS of Massachusetts. Nobody knows whether it will go to 5 percent and perhaps even 6 percent. The proposal is to set the rate at 2½ percent above the average yield of long-term Government bonds.

Mr. VAN ZANDT. In other words, this discretionary authority is going to make it possible for them to raise the interest rate to 6 percent or 7 percent, if it is necessary.

Mrs. ROGERS of Massachusetts. That is true and it should not be. The Secretary of the Treasury should not be the Administrator of Veterans' Affairs and we should establish the interest rate by act of Congress.

Mr. VAN ZANDT. Does the gentlewoman know how many veterans actually made loans last year?

Mrs. ROGERS of Massachusetts. No, I do not have those figures. I might ask the gentleman from Ohio [Mr. AYRES] if he has those figures. I have been relying upon him and his Subcommittee on Housing for information in that field. Since the law was passed in 1944, I believe about 3½ million loans have been guaranteed; about 43,000 direct loans have been made in this program started in 1950. Loss ratio has been less than 1 percent in both categories.

Mr. EVINS. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. EVINS. If the pending amendment does not prevail, we will be faced with the spectacle of some veterans paying 4½ percent interest on their loans and others paying 5 percent and possibly 5½ percent interest on their loans. In other words, there will be a discrimination between veterans as to the rates of interest that they pay, if this amendment does not prevail. VA rates should be reduced rather than increased, and certainly they should be uniform in rate.

Mrs. ROGERS of Massachusetts. It seems to be manifestly unfair. After all, we would have no freedom in our country today, we would not be as prosperous as we are today, and we would not even be safe, if it were not for the veterans. I know that everyone wants to do everything that they can to give the veterans a fair chance to get a home. He lost his chance to get a home earlier because he was fighting a war for us. In addition I will say to the gentleman from Tennessee that a sliding scale for interest rates will undoubtedly lead to delays in construction and reluctance by lenders to make loans.

Mr. MERRILL. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. MERRILL. I should like to point out that at the present time there are certain veterans enjoying 4-percent

loans and certain veterans enjoying 4½-percent loans so that this idea that there may be a difference in the amount of interest that veterans will be paying from time to time will not be something new because that is already the case, and will always be the case while we have flexible interest rates such as we had when the rate was raised from 4 percent to 4½ percent.

Mr. PATMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. PATMAN. The gentlewoman knows this to be true, but it has not been brought out—we are talking about Government-guaranteed paper at 4½ percent. That is correct, is it not?

Mrs. ROGERS of Massachusetts. That is correct and one wrong should not be compounded.

Mr. PATMAN. And that certainly should be high enough when United States Government bonds at 2½ percent are selling above par today.

Mrs. ROGERS of Massachusetts. I agree with the gentleman.

Mr. MULTER. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. MULTER. I wonder if the gentlewoman would tell us whether these veterans who, as the gentleman said, enjoyed paying 4½ percent interest will enjoy paying 6 percent interest, which will be the result if this amendment should not prevail.

Mrs. ROGERS of Massachusetts. That would not be fair, and the gentleman knows that I feel that way about it. As I indicated to him last week when we passed the direct-loan bill, I do not favor any increase in interest rates for veterans' loans for any reason.

Mr. AYRES. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. AYRES. The veterans are just as interested in getting a home with a lower downpayment as he is interested in getting a fair rate of interest on the loan. It was brought out in the testimony when we asked some veterans whether they would pay 6 percent and whether they would pay 7 percent. I think Mr. TEAGUE asked them even if they would pay 8 percent, and they replied, "Yes; if I could get a home, I would be willing to pay that interest." But that is not the point. The arrangement that has been working satisfactorily so far, and that is fair should be left to remain the way it is.

Mr. MULTER. In other words, the interest rate should be left at 4½ percent and not any more than 4½ percent.

Mr. AYRES. It is working very well now, and I have said several times, why do we want to change it?

Mr. MULTER. In other words, we do not want to change it. We do not want to increase it over 4½ percent; is that not correct?

Mr. AYRES. That is right.

Mr. EDMONDSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, when the debits and the credits on this entire proposition are

added up, I do not see how anyone can avoid the conclusion that the amendment offered by the gentleman from Texas [Mr. PATMAN] should be adopted and that section 201 and section 901 as well should be stricken from this bill. I believe that those amendments will be voted on and will be voted overwhelmingly by the membership of the House. I do not think you can read the commitments of both major parties in the 1952 campaign without arriving at the conclusion that those commitments require that those provisions be stricken from this bill. Any way you analyze this bill, as it stands at the present time, you must reach that conclusion. In the first place, the bill as it is now written could provide for a substantial increase in interest rates on guaranteed loans. There is no question about that. It could provide for a substantial increase in interest. Aside from that, in the provision giving to the President authority to raise those rates no one can avoid this conclusion, either: that the effect of this bill is to weaken and to dilute the authority of the Veterans' Administrator over Veterans' affairs. That also is obvious.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield.

Mr. MERRILL. Does the gentleman realize that the bill could provide for an increase in the interest rates and could provide equally as well for a decrease in the interest rates, if that is necessary?

Mr. EDMONDSON. I realize that; but it is still a fact that it could provide for a substantial increase. I have no objection to flexibility in the interest rates if there is a ceiling on it.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield.

Mr. PATMAN. Is it not a fact that the rate of 4½ percent can be reduced without this provision?

Mr. EDMONDSON. That is right. We have that provision already in the law for a reduction.

Now, what did the platform commitments of the Republican Party in the 1952 campaign say on this point? I ask the indulgence of the Members on the majority side for a moment as I read to you from the Republican Party platform in 1952 on veterans' affairs. They began with this statement:

We believe that active duty in the Armed Forces of the United States of America during a state of war or national emergency constitutes a special service to our Nation and entitles those who have so served to aid and compensation in return for this service.

Consequently we propose that the aid and compensation given to veterans of previous wars be extended to veterans of the Korean conflict.

Does it say "extended at an increased interest rate?" Does it say "at an increased cost to the veteran?" No. It says:

We believe it should be extended and it is clearly inferred that it is the same aid and the same compensation that the veterans of World War II received.

Furthermore, they also propose in this platform "that the Veterans' Administration be maintained as a single, inde-

pendent agency in full charge of all veterans' affairs."

With those commitments the Republican Party sought the votes of millions of veterans in our country.

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Texas.

Mr. TEAGUE. Regardless of what the platform said, I hope the gentleman will point out the work that this subcommittee of the Committee on Veterans' Affairs did under the excellent direction of Congressman AYRES, of Ohio. If there has ever been a committee which is nonpolitical that has worked earnestly trying to find the right answer, I think it is the work of this committee under Mr. AYRES.

Mr. EDMONDSON. I endorse the gentleman's statement wholeheartedly. The gentleman from Ohio [Mr. AYRES] is one member of the party who has demonstrated that these words in the platform mean something to him. I believe that many Members believe that they mean what they say as they vote for this amendment which is now before the House.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. How does this question come into the House Committee on Banking and Currency? Does it not belong to the House Committee on Veterans' Affairs?

Mr. EDMONDSON. I am satisfied that is the feeling of the Committee on Veterans' Affairs, that it does belong to that committee.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

Mr. STRINGFELLOW. Mr. Chairman, I move to strike out the requisite number of words, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STRINGFELLOW. Mr. Chairman, it is very difficult for the Members of Congress to discuss such a problem, because I realize that many of us, when dealing in the field of veterans' affairs, are too often impressed by what sounds right rather than what is right. It is very difficult for me to think that Mr. Eisenhower, our distinguished President, who is a great veteran himself and who has an honest and sincere compassion for the veterans, would take any action, after consulting with his designated advisers, which would not be in the veteran's best interest.

A great deal has been said about the raising of interest rates. The President would have discretionary authority in title II of this bill to lower interest rates, and I am sure if it was in the best interest of the veterans in a competitive market, the President would take such action.

I would like to tell you something about what happened in my State dur-

ing the past 3 or 4 years. Our history has been that mortgage money dries up much sooner than it does in other areas in the United States.

When I came to Congress I was disturbed over the fact that the veterans were not getting their loans. I was deeply concerned when I found that the Congress had written into the GI bill their intent that when the rigid 4 percent should become noncompetitive the Veterans' Administrator, after conferring with the Secretary of the Treasury, could raise the interest rate to 4½ percent so that once again it could become competitive in the investment market. But somewhere along the line somebody was playing politics, refusing to take permissive action in our election year, and, therefore, the interest rate was not raised.

I am a great friend of organized veterans' associations. I realize that they have the interest of the veterans at heart.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. STRINGFELLOW. Yes; I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Is the gentleman stating that there was a big decline in the year 1952 in GI housing? You stated that in an election year someone was playing politics, whereas I think the facts will show that 1952 was a big year in veterans' housing.

Mr. STRINGFELLOW. I am dealing with the veterans in my area. If the gentleman is an expert on the veterans in my area I will be glad to listen to him. I decline to yield further.

I realize that the veterans' organizations have the interests of the veterans at heart, but sometimes I do not feel that they take area problems into consideration, for example, when they lobby against a raise of an interest rate which would have made it possible for my veterans to get homes. During this time when the rate was rigid our veterans did not get their homes, and a lot of them would have been in these homes paying for them if the Veterans' Administrator after conferring with the Secretary of the Treasury would have exercised the permissive power in the GI bill.

The question is not one of what may be an acceptable rate late this year or some time next year or 5 years from now, but what is an acceptable rate today. By giving the President discretionary authority I am sure that he will establish the interest at a rate consistent with the best interests of the veteran so that he can get his home after consulting with the committee which is set up under the legislation.

The recognition of prevailing conditions existing in the market is long overdue. There is no point in talking about a lenders' strike. Lending institutions must keep their available funds invested at all times. There is, moreover, no need for a strike to cause a withholding of funds from guaranteed mortgage investment; alternative investment opportunities are too prevalent to make such a remote contingency possible.

One of the reasons which has been raised here for not adjusting the rate

is that the veteran has been assured of preferential treatment in the mortgage market. Aside from the fact that an arrangement that freezes the veteran out of the market or involves him in hidden costs is a very poor preference, there is no cause to believe that an adjustment in the VA rate would deprive the veteran of the special advantage due him. It is more likely that the rate will come down. The preference, however, must be considered to be a relative one, not an absolute one.

Speaking about preferential treatment for the veteran I would like to say that we are all interested in giving the veteran certain preferential treatment, but I say that the American veteran, regardless of what the organized veterans might say, would want his treatment to be consistent with the times, consistent with sound economic policy, consistent with a sound program which will help the veteran get his money and therefore his home.

In conclusion, Mr. Chairman, I fear that too many of us are forgetting one basic fact during the consideration of this legislation: That is, it is an honor and a privilege to fight for one's country. I know that the veterans out in my district have not been consulted regarding this problem except through me. Telegrams regarding this matter, reaching my desk, I am sure, were inspired at the Washington level without proper consideration as to the views of the veteran on the local level. Their desire is to get a home. I am going to support any measure which I feel will do just that. Giving the President the discretionary authority which is embodied in this legislation in title II certainly is consistent with a sound program for helping the veteran get his home.

Mr. WOLCOTT. Mr. Chairman, in an effort to expedite consideration of the bill, I ask unanimous consent that all debate on title II and all amendments thereto close in 15 minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I think 10 would be sufficient, 5 to be allotted to the gentleman from Florida [Mr. ROGERS], and 5 reserved for the committee on your side.

Mr. MULTER. Mr. Chairman, reserving the right to object, is the request to close debate on this amendment or this title?

Mr. WOLCOTT. To the title and all amendments thereto.

Mr. MULTER. I must object, Mr. Chairman; I do not know whether there will be other amendments to the title or not. I have no objection to closing debate on this amendment.

Mr. WOLCOTT. Mr. Chairman, I will modify my request and ask unanimous consent that all debate on this title and all amendments thereto, including the present amendment, close in 10 minutes, the last 5 to be reserved to the committee.

The CHAIRMAN. Is there objection?

Mr. MULTER. Mr. Chairman, as I stated, I have no objection to closing debate on this amendment, but as to the title, I do not know whether other amendments will be offered or not and

I must object. I do not think there would any objection if the gentleman would confine it to the pending amendment. If the gentleman makes his consent to apply to the whole title, there are other amendments that may be offered.

Mr. WOLCOTT. Mr. Chairman, I will amend my unanimous-consent request so that it applies to the pending amendment only.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ROGERS of Florida. Mr. Chairman, I rise in support of the pending amendment. I feel I would be derelict in my duty and recreant in my feelings and in my attitude toward the veterans if I did not at this time rise in support of this amendment.

The veterans' program, as heretofore stated, is being administered in an excellent manner. The veterans are being taken care of as satisfactorily as possible and at as low an interest rate as is possible to assist veterans in home ownership. The present interest rate should not be raised and this amendment precludes any raise in interest rate. I doubt if it would be raised even if the House were to reject this amendment, because the authority is put in the hands of the President of the United States to either increase or decrease the rate. I do not believe that President Eisenhower would permit an increase in interest rate to our veterans. If there has ever been a man who occupied the Presidency and who would look after the interests of the veterans, it is President Eisenhower. He is an individual with a great mind and a noble heart that beats in the interest of humanity, and without doubt he would look after the interest of the veterans. He knows the veterans and their needs since he has spent the greater portion of his life as a soldier, reaching the top grade of a five-star general.

Unless this amendment is adopted we return to the policy and principle of controls, which is contrary to the fundamental principles of our Government—and particularly so in peacetime. We want to stay away from controls.

If we adopt the pending amendment it means that we will keep the program as it is, which is what I want to do. Since I have been a Member of the Congress I have always, without exception, supported any reasonable legislation for the benefit and welfare of our veterans. I think the shortest speech ever made in this House was made by me when I stated: "There is nothing too good for our veterans."

I believe that we should take care of the veterans. While I am not afraid that the interest rates will be increased so long as President Eisenhower is our Chief Executive, I do feel this is the function of the Congress, and the Congress should not shift the responsibility to the President in this instance but should measure up to its responsibility.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The gentleman has made an excellent speech. He thoroughly understands the needs of the veterans, and I feel very much encouraged now that this amendment will be adopted through the influence of the distinguished statesman from the State of Florida.

Mr. ROGERS of Florida. I appreciate the gentleman's compliment very much and in response may I say that the gentleman is a great man. I do not know of a more statesmanlike individual in the Congress than is the gentleman from Georgia [Mr. BROWN]. He is always on the job.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Tennessee.

Mr. EVINS. The experience has been that the raising of the interest rate from 4 to 4½ percent will mean from \$900 to \$1,000 increase on the veteran's home. The gentleman from Florida [Mr. ROGERS] would certainly not be in favor of raising the cost of a veteran's home, would he?

Mr. ROGERS of Florida. I would not. I think the gentlewoman from Massachusetts [Mrs. ROGERS] commented on that point.

Mr. MATTHEWS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to my colleague, the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Chairman, I should like to associate myself with the distinguished gentleman from Florida [Mr. ROGERS], and to state to him that I certainly agree with his statement. I do not think we ought to raise the interest rate to our veterans.

Mr. ROGERS of Florida. I thank the gentleman, and may I say further, that the veterans have a great friend in the gentleman from Florida [Mr. MATTHEWS].

Mr. MILLER of Kansas. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Kansas.

Mr. MILLER of Kansas. In the gentleman's opinion, the adoption of the pending amendment would be in the interest of the veterans?

Mr. ROGERS of Florida. It certainly would, since it would foreclose any possibility of an increase of more than 4½ percent as permitted under the present law.

Mr. MILLER of Kansas. Have the veterans of the United States, of the various wars, ever asked anything unreasonable of the American people or the American Congress?

Mr. ROGERS of Florida. As far as I know, they have not.

Mr. HAGEN of California. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from California.

Mr. HAGEN of California. Is not the idea of this legislation to provide the veteran with a cheap loan, not just a loan, and that we are subverting the purposes or the intent of this veterans'

program if we let the interest rate get up to anything above 4 or 4.5 percent?

Mr. ROGERS of Florida. We certainly do not want to go above 4½ percent, so adopt this amendment and the interest rate cannot go above and beyond 4½ percent.

(Mr. FINO (at the request of Mr. MULTER) was given permission to extend his remarks at this point in the RECORD.)

Mr. FINO. Mr. Chairman, as a Member of this Congress and, more particularly, as a member of the Committee on Veterans' Affairs, I, too, want to cast my objection to section 201 of the Housing Act of 1954 now under consideration.

Under this proposed section of the act, the authority of fixing interest rates on Veterans' Administration mortgages is given to the President, who is authorized to establish from time to time the maximum rates on VA mortgages. My objection is to the delegation of power relating to interest rates on these mortgages to any other branch or agency of Government.

Under the existing law—Public Law 101 of the 83d Congress—the interest rate on veterans' housing was fixed at 4½ percent—that was regulated and adjusted by this body and I firmly believe that the power to change it should remain with the Congress.

The application of this section of this bill is bound to result in an increase in the interest rate on VA mortgages beyond the fixed rate of 4½ percent. To allow this bill to pass as it is presently drawn would be unfair and discriminatory to our veterans. It would be unjust to veteran home buyers because the rate of interest could and would vary many times during the course of the same year, depending on the average yield of marketable obligations of this Government. This can very well result in increasing interest rates on VA mortgages even up to 6 percent.

As I recall, the original purpose of the Servicemen's Readjustment Act—78th Congress—was to give help and assistance to our veterans—help them in re-establishing themselves back home. This Congress placed a ceiling of 4 percent and last year to 4½ percent on interest rates, in order to protect the veterans who were interested in owning their own homes. We wanted to help them and we did by keeping their costs down.

Now we come along with this proposal, which not only violates the principles of veterans' preference, but strikes a hard blow to all our efforts on behalf of all veterans who are interested in buying their own homes.

The housing program for veterans should be kept within the jurisdiction of the Veterans' Administration, and the power to regulate the interest rates on VA mortgages should be kept in Congress.

The amendment is a corrective measure, and I will support it.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, of course, it is only natural that the debate

would have turned upon interest rates, but I think I should call attention that we perhaps have been a little too overzealous in pleasing our veteran constituency and that in being anxious to do something for them we are losing sight of the fact that this title also includes provisions for adjusting downpayments and periods of amortization and open-end mortgages. Open-end mortgages for veterans mean a great deal, because without the open-end mortgage contained in this provision for veterans, the veteran might find himself in a position of having to get second and third mortgage financing at 6 or 7 percent. He might have a mortgage at the present time bearing only 4 percent, and any change of the interest by the President under the terms of this provision would not affect that situation. As a matter of fact, if this is stricken out, that would deny him the opportunity to get interest rates as low as he is getting now on his mortgage.

The Advisory Committee set up by the President has this to say with respect to interest rates, "that a committee of informed Government officials should be established and empowered to make certain that maximum interest rates on mortgages carrying FHA and VA insurance are responsive to upward or downward changes in the money market."

Now, almost everyone who has taken the floor in support of this amendment has impressed us with their confidence in the President. I think we should have in mind that the President of the United States, after he has consulted with the Secretary of the Treasury and the Administrator of the Housing and Home Finance Agency and the Administrator of Veterans' Affairs, will undoubtedly never use this to increase veterans' interest rates or FHA interest rates in the foreseeable future. What is it in here for?

Now, it is to offset a possible decline in the national economy incident to something happening, as we have been impressed by opponents it is going to happen in our country. To get new home construction in a lowering economy we give the President the authority, and it is just that simple, to come in under this formula here and decrease the interest rate to bolster up home production in this period.

Now, I can say to you on the best authority that I can get on it that the interest rates will not be increased or lowered in the foreseeable future. As a matter of fact, at the present time the interest rates on FHA mortgages are 4.5, a ceiling of 4.5, and on veterans' are 4.5. As has been suggested here, there came a time when the mortgage money market was such that the veteran could not get any mortgage financing. Well, it does not make any difference to the veteran, if he cannot get any mortgage, whether the interest rate is 2, 3, 4, or 4.5 percent. He does not pay any interest because he has no mortgage to pay interest on. That is what we want to protect him against.

I think we should be cognizant of the fact that this is designed to give the veteran and everyone else, for that mat-

ter, an opportunity to buy a home on the best possible terms that homes can be financed on during any change in our economy.

I do not want to be responsible, and I do not think you do, for any effect which the stymieing of the veterans' home program might have on our economy. I do not think you want to be responsible, also, for keeping from the President the facilities, the tools to adjust these interest rates, these downpayments, the periods of amortization in such manner as to fit them into any declining economy, so that the veterans can get what they need in housing.

I want to call attention to this fact. The Committee on Banking and Currency had this matter under consideration, and we decided we would not assume the responsibility of a veteran's not getting a home due to lack of available financing, if anything happened to the economy. Now the responsibility is yours, if you see fit to take it; but know what you are doing before you adopt this amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CURTIS of Missouri. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CURTIS of Missouri. I want to be sure what this amendment provides. This strikes out all of title II; is that correct?

The CHAIRMAN. That is correct.

(Mr. BONIN asked and was given permission to extend his remarks in the RECORD at this point.)

Mr. BONIN. Mr. Chairman, as a member of the Subcommittee on Housing of the Veterans' Affairs Committee, I join my colleagues to strike out sections 201 and 201 (1) and 901 from H. R. 7839, known as the Housing Act of 1954. The subcommittee held extensive hearings on interest rates and downpayments on loans guaranteed by the Veterans' Administration. Hearings were held in Washington, Cleveland, and Cincinnati, Ohio. Bankers, building and loan associations and insurance companies were heard on this subject, and, after full and exhaustive hearings, the committee was unanimous in its belief that the interest rate should not be changed. In May of 1953, the Administrator of Veterans' Affairs, after consultation with the Secretary of the Treasury, increased the interest rate from 4 percent to 4½ percent. I did not like this increase, but we did notice that mortgage money returned to the market. Prior to this decision, veterans all over the country had a difficult time obtaining loans. Since that time, the mortgage loan program has been working very successfully and the veterans' organizations throughout the Nation are satisfied with the present operations of the program.

Sections 201 and 201 (1) would authorize a flexible interest rate to be set by the President of the United States. I have the highest respect for the President and consider him one of the most outstanding veterans in the United States and in the world. I am confident that he would never commit any act

which would injure or harm any veteran of these United States. However, I am a firm believer in government by law and not at the discretion of man. The present law is sufficient to keep the maximum rate at $4\frac{1}{2}$ percent. The discretion vested in the Administrator of Veterans' Affairs can lower the rate if the need should require it. Why should we tamper with a good sound piece of legislation by adopting sections 201 and 201 (1).

It is my honest opinion and judgment that any provision of the law would be detrimental to the interest of our veterans should be eliminated. I shall vote to strike out these sections of H. R. 7839.

When the committee held hearings in Cleveland, Ohio, we found a decided falling off of applications from the high points of 1947 and 1950 due to the fact that the lenders had been able to loan their money at a higher rate of interest and avoided making 4 percent loans. This was a reaction due to the fact that many of them had a large volume of 4 percent loans on their books which they had acquired during the first few years of the GI program. Our committee received assurance from all the lenders that they would cooperate with the veteran and they have kept their word. I say, let the program continue as it is and we shall have the veterans satisfied, the lenders will continue to lend their money, and the program will continue to supply the needs of housing. Give the veteran a break and strike out sections 201, 201 (1), and 901.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that any Member may have permission to extend his remarks on the subject of this amendment in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. EVINS. Mr. Chairman, since the start of the new administration, interest rates have been rising steadily on Government bonds, FHA mortgages, and veterans' housing loans. The situation has not been a salutary one, generally, from the standpoint of the money market—most certainly it has not been healthy from the standpoint of the veterans' housing program.

Following the administrative decision last year—less than 3 months after the start of the new administration—to increase veterans' housing loans from 4 percent to $4\frac{1}{2}$ percent, the Committee on Veterans' Affairs conducted extensive hearings on this matter and heard many protests on this action and, in formal committee action, made strong protests against the arbitrary and discriminatory action.

Notwithstanding the protests of the House Committee on Veterans' Affairs, the Veterans' Administrator raised the interest rates of veterans' mortgages from 4 percent to $4\frac{1}{2}$ percent. This, I am advised, under pressure of the new administration.

This increase of one-half percent means the cost of building a house by a veteran has jumped approximately \$900 to \$1,000—or, as someone has pointed out

with great practicality, has caused the veteran's house to shrink by one bedroom.

Whichever way you look at it, only the veteran has lost from this increase of one-half percent in his housing loan.

Now we have a proposal to increase interest rates further. We have a proposal that this vital matter, particularly with regard to our veterans' housing program, be taken out of the hands of the Congress and turned over to an Administrator whose decision it would be as to when and how much a veteran's loan interest rate is to be increased.

As the distinguished gentlewoman from Massachusetts [Mrs. ROGERS] so clearly set forth yesterday, the proposal here made is clearly unpalatable to the Committee on Veterans' Affairs of the House inasmuch as it represents the invasion of one committee's jurisdiction by another committee. Clearly, any legislation touching upon or amending the Servicemen's Readjustment Act of 1944—and this vital matter is a case in point—should come within the jurisdiction of the Veterans' Affairs Committee.

The proposal made by the Banking and Currency Committee provides for an administrative official of the executive branch to use a discretionary authority to establish the interest rate of a veteran's loan at a rate not to exceed $2\frac{1}{2}$ percent above the average yield of long-term Government bonds. With such a sliding scale and the granting of full discretionary power to one administrative officer of the Government, the veteran would have hanging over his head the possibility of interest rates up to 5 and not impossibly 6 percent.

It is not difficult to foresee the confusion and chaos which would result from the existence of such great power, discretionary power, in the hands of one individual.

Further, Mr. Chairman, the proposal would make all the efforts of the Veterans' Affairs Committee to bring about uniformity in veterans' legislation look pretty feeble. Here we would have a situation where one veteran has built a house at one rate of interest and another veteran who starts his house 6 months later has an interest rate considerably higher—in fact, has less house for more money.

It is clearly unfair and not in the best interests of the veterans of the Nation.

Sections 201 and 201 (1) authorizing the raising of interest rates on veterans' mortgages should be stricken from the bill.

In addition, Mr. Chairman, section 901 of this bill eliminating the veterans' preference in the purchase of surplus war housing is a bad feature of this bill. There have been too many assaults already on the veterans' preference rights and I strongly urge present veterans' preference rights be preserved and that this Congress not vote to increase interest rates on veterans' housing costs.

Let us strike out these objectionable features and attempt to improve and perfect this bill.

Mr. SELDEN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Texas [Mr. PATMAN]

that strikes title II from the bill now under consideration. Title II of the bill deals largely with the veterans' loan guaranty program created by the Servicemen's Readjustment Act of 1944. In this connection, it is pointed out that the Servicemen's Readjustment Act of 1944 creating the veterans' loan guaranty program as a rehabilitation benefit for World War II veterans' subsequently extended to Korean veterans by Public Law 550, 82d Congress, was considered and passed by the House Veterans' Affairs Committee.

Title II, for all practical purposes, completely rewrites substantial provisions of the veterans' loan guaranty program by removing control of the main provisions of the bill from the Congress and vesting these controls in the nature of standby authority in the Executive. Passage of the bill, including title II as now written, will for all practical purposes exclude the Veterans' Affairs Committee from jurisdiction over the veterans' housing program in the future and remove the major controls of the program from the Congress and vest it in the executive branch. Maximum interest rates, which are now controlled by the Congress through a specific provision of law, would be placed under the control of the Executive. The President would be allowed to adjust interest rates from time to time based on a formula prescribed by the bill, and the formula is such that it will allow an increase in the interest rates. Using the formula, maximum interest rates allowed by this formula were projected by the Veterans' Administration as indicated by the table below:

	Percent
Feb. 1, 1954.....	$5\frac{1}{4}$
June 30, 1953.....	$5\frac{3}{4}$
Jan. 1, 1953.....	$5\frac{1}{4}$
June 30, 1952.....	$5\frac{1}{4}$

The Veterans' Administration advises that the average loan to a veteran in 1953 was \$9,480, with a typical maturity of 20 years, and that had the interest rate in 1953 been $5\frac{1}{4}$ percent rather than 4 and $4\frac{1}{2}$ percent—as it actually was—the veteran would have had to pay an increase in interest of \$70.72 for the first year, and \$932.83 additional interest over the period of his mortgage. At $5\frac{1}{2}$ percent, $5\frac{3}{4}$ percent, or 6 percent the amount of interest will, of course, increase accordingly.

When the original Servicemen's Readjustment Act—Public Law 346, 78th Congress—was written, a ceiling was placed on the interest rate on these mortgages in order that there might not be a prohibitive rate charged those who had served in the Armed Forces and for whom the legislation was intended to give some assistance in reestablishing themselves on a sound economic basis. Title II violates this principle.

Also, should the House fail to adopt the amendment now under consideration, Congress will relinquish control of maximum interest rates and appointive officials of the executive branch will undoubtedly be subjected to pressure tactics for the lenders' lobby for increases in these rates.

The power to regulate interest rates under the veterans guaranty loan pro-

gram should remain in the Congress, and I urge the adoption of the amendment now under consideration.

Mr. MADDEN. Mr. Chairman, I am supporting the amendment offered by Congressman PATMAN, of Texas. In my speech on the floor yesterday I opposed the high interest rate provided in this bill. The veterans' housing has been progressing satisfactorily since the interest rate was raised to 4½ percent. This legislation will raise the veterans' loans another 1 percent and it will greatly disturb the present program.

Lenders will again boycott veterans' loans with the hope that in a few months they can reap this bonanza of additional interest. The members of the Veterans' Subcommittee who investigated and ironed out the veteran-loan bottleneck over the country are opposed to an increase beyond 4½ percent. I will support this amendment which will stop a further raise of 1 percent in veteran-loan interest.

I do hope the amendment to be offered this afternoon to legalize 35,000 annually for 4 years public-housing units is adopted. If the slum-clearance program of the President is to be of any value, we must have low-priced homes for the low-bracket-income family to purchase at low prices and carrying charges. I also hope that the veteran-preference amendment will be adopted by the House when offered later in the day.

Mr. DONOHUE. Mr. Chairman, as one who has consistently supported the intent and purpose of the original housing act I rise again today to speak in support of the continuation of an adequate public-housing program for the low- and middle-income families of this country, a great percentage of whom are recent war veterans just practically beginning their family lives.

The housing bill now under discussion has in my judgment several objectionable provisions which I earnestly hope will be, in all fairness and justice, eliminated by appropriate amendment before the debate is over, or at the very least sensibly modified.

Some of the undesirable aspects to which I refer are failure to continue traditional and reasonable veterans housing preference; failure to provide a realistic workable secondary mortgage market; failure to authorize any units of low-rent public housing; delegation to the Executive of authority to set maximum interest rates on FHA and VA mortgages, which may inevitably result in great hardship imposed on young veterans and low-income groups; and failure to require builders of FHA and VA houses to give the home buyers any real assurance against defective construction.

The technicalities of operation through which these objectionable features will serve to produce distress and hardship have already been explained by other speakers and I shall not further expand on them. However let me say that I have introduced a bill designed to lower the outstanding interest rate of 4½ percent to 4 percent because of my deep conviction any permitted flexible range of raising interest rates will unquestionably tend to discourage the ambition

toward homeowning which a housing program is primarily intended to sustain.

PROTECT VETERANS' HOUSING

Mr. MULTER. Mr. Chairman, I am supporting the amendments offered by the distinguished gentleman from Texas [Mr. PATMAN] to strike out title II. Adoption of the amendment will prevent increasing interest rates beyond the amount now fixed as the maximum, to wit, 4½ percent per annum. That rate should be reduced.

I am also supporting the amendment of our distinguished colleague from Missouri [Mr. BOLLING] to strike out section 901 from this bill.

Adoption of his amendment will preserve for the veteran the preferences heretofore written into the Housing Act.

At this time in support of these amendments I wish to read the following:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMISSION,
Washington, D. C., March 29, 1954.

Re H. R. 7839, Housing Act of 1954

Hon. ABRAHAM J. MULTER,

House Office Building,
Washington, D. C.

DEAR CONGRESSMAN MULTER: As you know, the bill H. R. 7839, commonly referred to as the Housing Act of 1954, was reported out by the House Banking and Currency Committee on March 28, 1954, and is scheduled to come up for debate on the floor of the House on March 31, 1954.

The American Legion strongly opposes certain provisions of this bill, namely sections 201 and 201 (1) having to do with fixing interest rates on Veterans' Administration mortgages, and section 901, which has to do with veterans' preference in obtaining war housing.

Under sections 201 and 201 (1) the President would be given power to fix interest rates from time to time, but not in excess of 2½ percent above the annual yield of marketable obligations of the United States having a maturity date of 15 years or more.

Attached please find a memorandum showing the American Legion's objections to this method of fixing the interest rates on veterans' mortgages.

The American Legion also objects to the provisions of section 901 of the bill on the ground they fail to give veterans the same preferences in the purchase of war housing as are contained in the present laws. I attach a separate statement giving our objections in further detail.

Appreciating your interest in the protection of qualified veterans I know these objections will receive your serious consideration. I respectfully request that when H. R. 7839 comes up for consideration in the House you vote to strike sections 201, 201 (1), and 901 from the bill.

Thanking you for your favorable consideration of this request, and with kindest personal regards, I am

Sincerely yours,

MILES D. KENNEDY,
Director.

WHY THE AMERICAN LEGION OPPOSES SECTIONS 201 AND 201 (1) OF H. R. 7839 (INTEREST RATES ON VA MORTGAGES)

1. We believe in the maintenance of a separate housing program for veterans under the sole jurisdiction of the VA. We want the present policy continued.

2. The power to regulate interest rates should remain in Congress.

3. We submit that the phrase contained in section 201, "the President is hereby author-

ized, without regard to any other provision of law," is too broad and that only specific authority should be granted not only to the President but to any other Government official who may be concerned.

4. These sections are bound to result in an increase in the interest rate, now fixed at 4½ percent in keeping with the provisions of Public Law 101 of the 83d Congress.

5. The proposed method of fixing interest rates would result in discrimination between veteran home purchasers, due to the fact the rates would vary from time to time, during the same year, depending on the average yield of marketable obligations of the United States.

6. This method of fixing interest is not practical from the standpoint of the veteran-mortgagor or the builder.

7. There is nothing to stop the rate from being increased to 6 percent any time the yield on Government obligations goes to 3½ percent.

8. The big-money interests will not be satisfied until they get the rate on veterans' mortgages up to 6 percent. They are not interested in the veteran as such.

9. The VA advises that the average loan to a veteran in 1953 was \$9,480, with a typical maturity of 20 years, and that had the interest rate in 1953 been 5¼ percent rather than 4 and 4½ percent (as it actually was), the veteran would have had to pay an increase in interest of \$70.72 for the first year and \$932.83 additional interest over the period of his mortgage. At 5½ percent, 5¾ percent, or 6 percent, the amount of interest will, of course, increase accordingly.

10. When the original Servicemen's Readjustment Act (Public Law 346, 78th Cong.) was written, a ceiling was placed on the interest rate on these mortgages in order that there might not be a prohibitive rate charged those who had served in the Armed Forces and for whom the legislation was intended to give some assistance in reestablishing themselves on a sound economic basis. Sections 201 and 201 (1) violate this principle in every respect.

11. Sections 201 and 201 (1) abridge the principle of veterans' preference, and should be stricken from the bill.

WHY THE AMERICAN LEGION OPPOSES SECTION 901 OF H. R. 7839 (DISPOSAL OF PERMANENT WAR HOUSING WITHOUT REGARD TO VETERANS' PREFERENCE HOUSING LAWS)

1. Under the provisions of section 901 (g) (new), the Administrator would be authorized to dispose of any permanent war housing without regard to the preferences contained in subsections (b) and (c) of the present law (Public Law 475 of the 81st Cong., p. 26).

2. Said subsection (b) of the present law states that preferences in the purchase of any dwelling designed for occupancy by not more than four families and offered for separate sale shall be granted to veterans over other purchasers for such period as the Administrator may determine and in the following order:

"1. A veteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;

"2. A nonveteran who occupies a unit in the dwelling structure to be sold and who intends to continue to occupy such unit;

"3. A veteran who intends to occupy a unit in the dwelling structure to be sold."

Subsection (c) of the present law grants first preference to groups of veterans organized on a mutual ownership or cooperative basis, etc., where a housing project is to be disposed of.

3. No such preferences are contained in section 901.

4. Section 901 would open wide the door for the elimination of veterans' preference in the disposal of permanent war housing.

5. It has been the experience of American Legion representatives that many officials of the Housing and Home Finance Agency have absolutely no regard for veterans.

6. While we have confidence in the present Administrator of the Housing and Home Finance Agency, there are too many employed in that Agency who feel that preference in the sale of surplus housing to veterans should be eliminated, and we fear those who would actually be responsible for the administration of the law would use this authority to gain their personal desires to deprive veterans of their rights to purchase surplus war housing.

7. We contend that veterans' preference has never hindered the sale of these properties, or worked a hardship on the Housing Agency.

8. Stripped of its legal phraseology, section 901 is nothing more or less than a bold attempt to knock out veterans' preference in the purchase of defense housing.

9. Current economic conditions do not warrant a weakening of the preference laws granted veterans in the field of housing.

10. Section 901 abridges the principle of veterans' preference and should be stricken from the bill, H. R. 7839.

Mr. Chairman, I believe that every veterans' group in the country is supporting these amendments.

Mr. Chairman, the fundamental, Christian, humane objective of public housing is to give our low- and middle-income groups the chance and opportunity to live and bring up their families in decent homes in healthful surroundings.

We are all agreed that slum areas, as proven breeding places of crime, disease, and juvenile delinquency must be eliminated but that cannot be done without the assistance of a Federal housing program. While many States and local communities are trying within their means to handle the problem, they have most generally proved unable to accomplish the full job alone. Meanwhile the entire country is exposed to national welfare sabotage by creeping crime, corruption and social rebellion that find such devilish inspiration in slum areas. The history of public housing demonstrates these cancers can be successfully halted. Families generally try to live up to their better surroundings. Usually they are carefully selected for such projects. But even in those occasional emergencies when they have been provided better dwelling without selection, very frequently persons of dubious background have responded to their new environment with changed living habits. Public housing is of course the vital adjunct to slum clearance and redevelopment. It is absolutely essential in providing the relocation of families moved out of slum areas. It seems therefore but simple commonsense to continue, and I hope expand, a housing program proven so beneficial to so many American families at so comparatively little cost, especially when measured against the foreign aid financial subsidies so generously granted. Let us then strike a real blow against the danger of any American acceptance of subtle Communist propaganda by giving our own citizens who vitally need it, a fair chance to bring up their families in godly cleanliness, healthful happiness and patriotic loyalty by voting for the

continuation of an adequate public housing program.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. WOLCOTT), there were—ayes 141, nays 68.

So the amendment was agreed to.

The Clerk proceeded to read title III.

Mr. WOLCOTT (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that title III be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Title III is as follows:

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. Title III of the National Housing Act, as amended, is hereby amended to read as follows:

"TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

"Purposes

"SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

"(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

"(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy; and

"(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

"Creation of Association

"SEC. 302. (a) There is hereby created a body corporate to be known as the 'Federal National Mortgage Association' (hereinafter referred to as the 'Association'), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have succession until dissolved by act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

"(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase, and to purchase, service, or sell, any residential or home mortgages (or participa-

tions therein) which are insured under this act, as amended, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: *Provided*, That (1) no mortgage may be purchased at a price exceeding 100 percent of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; and (2) the Association may not purchase any mortgage if (1) it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality or (2) the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage.

"Capitalization

"SEC. 303. (a) The Association shall have nonvoting capital stock, to which the Secretary of the Treasury initially shall subscribe as provided in subsections (d) and (e) of this section. The stock of the Association shall have a par value of \$100 per share, and shall not be transferable except on the books of the Association. At the option of the Association such stock shall be retirable at par value at any time, except that retirements of stock (other than stock held by the Secretary of the Treasury) shall not be made if, as a consequence thereof, the amount remaining outstanding would be less than \$100,000,000. With respect to such stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year or portion thereof, from the date or dates the capital represented by such stock is initially utilized, until such stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the capital stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible.

"(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to not less than 3 percent of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association, or such greater percentage as may from time to time be determined by the Association. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall not apply to the special assistance functions of the Association under section 305 of this title or to the management and liquidating functions of the Association under section 306 of this title.

"(c) Until such time as all of the stock held by the Secretary of the Treasury has been retired and the Secretary of the Treasury does not hold any of the obligations of the Association purchased under section 304 (c) of this title the Association shall issue, from time to time, to each mortgage seller its convertible certificates (only in denominations of \$100 or multiples thereof) evidencing any capital contributions made by

such seller pursuant to subsection (b) of this section, which certificates shall not be transferable except on the books of the Association. Subject to such terms and conditions as may be prescribed by the board of directors, such certificates shall be convertible into capital stock of the Association having an equal par value, but no such conversion shall be permitted or made until such time as all of the outstanding capital stock of the Association held by the Secretary of the Treasury has been retired and the Secretary of the Treasury does not hold any of the obligations of the Association purchased under section 304 (c) of this title. Thereafter, the Association may effect the direct issuance of stock in lieu of and in the same manner as is provided in this subsection for the issuance of convertible certificates. Such dividends as may be declared by the board of directors in its discretion shall be paid by the Association to its stockholders, but in any one fiscal year the general surplus account of the Association shall not be reduced through the payment of dividends (other than to the Secretary of the Treasury) which exceed in the aggregate 5 percent of the par value of the outstanding stock of the Association.

"(d) Within 90 days following the effective date of the Housing Act of 1954, as of the day following a cutoff date to be determined by the Association, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, capital stock of the Association having an aggregate par value equal to the sum of (1) the amount of \$21,000,000 (being the amount of the original subscription for capital stock of \$20,000,000 and paid-in surplus of \$1,000,000 of the Association) and (2) an amount equal to the Association's surplus, surplus reserves, and undistributed earnings, computed as of the close of the cutoff date.

"(e) The capital stock of the Association delivered to the Secretary of the Treasury pursuant to subsection (d) of this section shall be in exchange for (1) the note or notes evidencing the aforesaid original \$21,000,000 (upon which the accrued interest shall have been paid through the cutoff date referred to in subsection (d) of this section), and (2) the release to the Association of any and all rights or claims which the United States might otherwise have or claim in and to the Association's capital, surplus, surplus reserves, and undistributed earnings, computed as of the close of the aforesaid cutoff date.

"(f) Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to make payments to the Association of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock or convertible certificates of the Association evidencing such capital contributions, and to hold or dispose of such stock or certificates, subject to the provisions of this title.

"(g) As promptly as practicable after all of the capital stock of the Association held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator shall transmit to the President for submission to the Congress recommendations for such legislation as may be necessary or desirable to make appropriate provisions to transfer to the owners of the outstanding capital stock of the Association the assets and liabilities of the Association in connection with, and the control and management of, the secondary market operations of the Association under section 304 of this

title in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

"Secondary market operations

"SEC. 304. (a) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors, and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, at the market price for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

"(b) For the purposes of this section, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of obligations of the Association under this subsection outstanding at any one time shall not exceed 10 times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings, and in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership pursuant to this section, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in

force, are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if (1) all of the capital stock of the Association held by the Secretary of the Treasury has been retired, or (2) such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than \$500 million plus an amount equal to the total of such reductions in the maximum dollar amount prescribed by section 306 (c) as have theretofore been effected pursuant to that section: *Provided*, That such aggregate principal amount under this subsection (c) shall in no event exceed \$1 billion. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

"(d) The Association may not purchase participations or make any advance contracts or commitments to purchase mortgages for its operations under this section, except that the Association may, in the discretion of its board of directors, issue a purchase contract (which shall not be assignable or transferable except with the consent of the Association) in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder thereof to sell to the Association mortgages in the amount of the contract, upon such terms and conditions as the Association may prescribe.

"Special-assistance functions

"SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home-mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

"(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

"(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$200 million outstanding at any one time: *Provided, That*, notwithstanding such limitation, the President pursuant to subsection (a) of this section may also authorize the Association to exercise its powers to enter into commitments to purchase immediate participations and to make related, deferred participation agreements as hereinafter in this subsection provided, but only to the extent that the total amount of such immediate participation commitments and purchases thereto (but not including the amount of any related deferred participation agreements or purchases pursuant thereto) shall not in any event exceed \$100 million outstanding at any one time, and any such deferred participation agreements shall be made by the Association only on the basis of a commitment by it to purchase an immediate participation of a 20 percent undivided interest in each mortgage and a related deferred participation agreement by the Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the rights to foreclose.

"(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligation to mature not more than 5 years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

"Management and liquidating functions"

"Sec. 306. (a) To carry out the purposes set forth in paragraph (c) of section 301, the Association is authorized and directed, as of the close of the cutoff date determined by the Association pursuant to section 303 (d) of this title, to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by capital stock as provided in section 303 (d) hereof, but inclusive of all rights and obligations under any outstanding contracts), and to maintain such separate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section.

"(b) For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no

event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: *Provided, That* such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: *And provided further, That* nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection and subsection (e) of this section the amounts of any mortgages otherwise transferred by law to the Association and held under the aforesaid separate accountability.

"(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than 5 years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in

force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

"(e) Of the \$3,650,000,000 total amount of investments, loans, purchases, and commitments heretofore authorized to be outstanding at any one time under this title III prior to the enactment of the Housing Act of 1954, a total of not to exceed \$300,000,000 shall be applicable as provided in section 305 of this title, and a total of not to exceed \$3,350,000,000 shall be applicable as provided in subsection (c) of this section.

"Separate accountability"

"Sec. 307. (a) The Association shall establish and at all times maintain separate accountability for (1) its secondary market operations authorized by section 304 hereof, (2) its special assistance functions authorized by section 305 hereof, and (3) its management and liquidating functions authorized by section 306 hereof.

"(b) With respect to the functions or operations of the Association under sections 305 and 306, respectively, of this title, (1) there shall be no recourse to the capitalization of the Association provided for by section 303 of this title, and (2) mortgage sellers shall not be required to make payment to the Association of the capital contributions provided for by section 303 (b) of this title.

"(c) All of the benefits and burdens incident to the administration of the functions and operations of the Association under sections 305 and 306, respectively, of this title, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the board of directors of the Association shall deem appropriate, shall inure solely to the Secretary of the Treasury, and such related earnings or other amounts as become available shall be paid annually by the Association to the Secretary of the Treasury for covering into miscellaneous receipts.

"Board of Directors"

"Sec. 308. (a) The Association shall have a Board of Directors consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by said Administrator from among the officers or employees of the Association, of the immediate office of said Administrator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The basic rate of compensation of the position of president of the Association shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency. The members of the board, as such, shall not receive compensation for their services.

"General powers"

"Sec. 309. (a) The Association shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; by its board of directors, to adopt, amend, and

repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that the Association may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of the purposes of the Association; and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(b) Except as may be otherwise provided in this title, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Association shall determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

"(c) The Association, including its franchise, capital, reserves, surplus, mortgages, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that (1) any real property of the Association shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed, and (2) the Association shall, with respect to its secondary market operations under section 304 after the cutoff date referred to in section 303 (d) of this title, pay annually to the Secretary of the Treasury, for covering into miscellaneous receipts, an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations.

"(d) The Chairman of the Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine, subject to the civil service and classification laws. Bonds may be required for the faithful performance of their duties, and the Association may pay the premiums therefor. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimburs-

able basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this title.

"(e) No individual, association, partnership, or corporation, except the body corporate created by section 302 of this title, shall hereafter use the words 'Federal National Mortgage Association' or any combination of such words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$100 or imprisonment not exceeding 30 days, or both, for each day during which such violation is committed or repeated.

"(f) In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this title, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

"(g) The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Association in the general performance of its powers, and the Association shall reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"Investment of funds"

"SEC. 310. Moneys of the Association not invested in mortgages or in operating facilities shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.

"Obligations of Association legal investments"

"SEC. 311. All obligations issued by the Association shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

"Short title"

"SEC. 312. This title III may be referred to as the 'Federal National Mortgage Association Charter Act'."

SEC. 302. The Federal National Mortgage Association, established pursuant to the provisions of title III of the National Housing Act as in effect prior to July 1, 1948, and named in section 101 of the Government Corporation Control Act, as amended, shall be the body corporate referred to in section 302 of title III of the National Housing Act, as amended by the Housing Act of 1954.

SEC. 303. The penultimate sentence of paragraph 7 of section 5136 of the Revised Statutes, as amended, is hereby amended by striking "or obligations of national mortgage associations" and inserting "or obligations of the Federal National Mortgage Association."

SEC. 304. (a) Subsection (h) of section 11 of the Federal Home Loan Bank Act, as amended, is hereby amended by inserting after "in obligations of the United States" a comma and the following: "in obligations of the Federal National Mortgage Association." The last sentence of section 16 of said act is amended by inserting after "in direct obligations of the United States" a comma and the following: "in obligations of the Federal National Mortgage Association."

(b) The first paragraph of subsection (c) of section 5 of the Home Owners Loan Act of 1933, as amended, is hereby amended by inserting in the second proviso before the colon and after "Federal Home Loan Bank" the following: "or in the obligations of the Federal National Mortgage Association".

SEC. 305. Subsection (b) of section 2 of the Alaska Housing Act as amended, is hereby repealed.

SEC. 306. Public Law 243, 82d Congress, approved October 30, 1951, as amended, is hereby repealed.

SEC. 307. The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan No. 22 of 1950, together with the notes and capital stock of the Federal National Mortgage Association held by said Administrator thereunder, are hereby transferred to the Federal National Mortgage Association.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 158, line 17, after the word "System", insert "or any member of the Federal Deposit Insurance Corporation."

Mr. WOLCOTT. Mr. Chairman, I might say that was clearly an oversight, and I hope the amendment will be adopted. There are some banks that are not members of the Federal Reserve System which are insured by the Federal Deposit Insurance Corporation.

Mr. SPENCE. We have no objection to the amendment, Mr. Chairman.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. RAINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAINS: Page 152, strike out line 3 and all that follows down through page 179, line 7, and insert in lieu thereof the following:

"SEC. 301. Section 302 of the National Housing Act, as amended, is hereby amended by striking '\$3,650,000,000' and inserting '\$4,150,000,000'."

Mr. RAINS. Mr. Chairman, in my opinion, this amendment is the heart of the bill. In my judgment, this amendment will say whether you are going to have any mortgage money available for veterans' loans and others or whether you will not. All of the language in title III, and it covers many pages; I say this in all kindness, is just so much pretty high-sounding language.

The present bill provides a brand new, entirely new, untried, and, according to the testimony of most of the witnesses who appeared before the committee, is admittedly an unworkable Federal National Mortgage Association provision.

What I seek to do by this amendment is to go back to the FNMA as of now and put some money into the Federal National Mortgage Association so that there will be mortgage money available for the loans which are sought.

I listened with a great deal of interest to the debate on the amendment offered by my friend from Texas having to do with veterans and I supported it very vigorously, but I tell you frankly if you leave this section in the bill as is, the veterans in the sections of this Nation

away from the great financial centers will not get the money—they are not getting it now—no matter what rate of interest you put in the bill. You must have a workable secondary market, not this type of market, which provides for volunteer meetings of groups, which provides that private lenders shall eventually own this corporation into which the Government has placed \$70 million, and as to which the private lenders do nothing except sell their mortgages to it and buy a little stock. It will not work. It will not make the mortgage money available and the housing program will bog down in areas away from the great financial sections.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. BROWN of Georgia. I am supporting the gentleman's amendment because I realize that we must have a secondary mortgage market, and without the amendment I do not see how we will have a secondary mortgage market.

Mr. RAINS. I appreciate the gentleman's remarks. I do not stand alone on my view on this because, if you will go back and read the hearings, you will find none who say the secondary market provision will work. The National Home Builders, they want business. What did they say about whether or not this is workable? Listen to what Dick Hughes, of Texas, president of the NAHB, an organization of men engaged in doing the building that you hope to get under this bill. Mr. Hughes said:

The provisions of title III will prove unworkable and possibly do more to depress than to assist the mortgage market. Its terms go far beyond those reasonably necessary to prevent excessive use and, in effect, amount to complete denial of the facility to the very users for whom it is intended.

Truly, I think I should make the frank statement that the proponents of this section of the bill, and I hope the chairman will listen to this, doubt the workability of this section. They have nothing on which to hinge any high hope. It has never been tried. So I say that you are moving into a great adventure, and that you have no assurance it will bring success to what may otherwise be a fair bill when we get through with it. The Federal National Mortgage Association, as it now exists, is not something that has cost the Government of the United States money. It is an agency which has made a profit for the Government of the United States. Therefore, I plead for those who need the secondary market provided by FNMA, and I ask, by this amendment, to put the necessary funds in FNMA in order that veterans may be able to build some houses under this bill. This bill is a lenders FNMA, and they are finally going to own it. I cannot put my finger on one single element in this section of the bill that appears to me to be anything more than a great untried experiment.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. McCORMACK. I notice in the report of the minority members, the

president of the National Association of Home Builders testified that on a \$12,000 loan, for example, this formula referring to this section would result in a cost of permanent mortgage financing of about \$750 to \$850.

Mr. RAINS. Yes, and that, of course, is in addition to the interest which the veteran would otherwise have to pay.

Mr. McCORMACK. And that is in addition to all other charges, is it not?

Mr. RAINS. In addition to all other charges, yes, and if my amendment is adopted, it will save that amount for every person who uses the secondary market.

Mr. McCORMACK. A veteran would save a great portion of it because that is actually cost that is added to the loan that the veteran makes.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DEANE. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. DEANE]?

There was no objection.

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. DEANE. Is it not true that this particular provision departs markedly from the President's Advisory Commission?

Mr. RAINS. I must say that I am not too thoroughly familiar with all the President's Advisory Commission provisions because it is my understanding that it departs markedly from the view of practically every witness who appeared before our committee.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Illinois.

Mr. YATES. Is it possible under the new set-up for FNMA mortgages to be sold at a discount to the new organization?

Mr. RAINS. I am quite sure that under the proposed FNMA the practice of tremendous discounts which we have been facing in the immediate past will be accentuated instead of stopped, in addition to the interest rates.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from California.

Mr. YOUNGER. Just as a matter of clearing the record, the gentleman stated a while ago that the veterans in out-of-the-way places would not be able to get loans.

Mr. RAINS. Yes, sir.

Mr. YOUNGER. The gentleman appreciates the fact that he is the one who is entitled to a direct loan, and we just increased that amount by \$100 million.

Mr. RAINS. I appreciate that, yes; and, having served as chairman of a committee which went over the country to look into this problem, I can name one place, for instance in the great State of Florida, where there is a city which has one bank. The banker will not make any loans to veterans under the veterans' loan but because there is a bank-

ing facility, the veterans there are not eligible for direct loans. So it does not answer the question. In my State of Alabama there are credit facilities available but not always veterans home loans are available. You heard the gentleman from Ohio [Mr. AYRES] answer that by saying a banker in Cleveland told his committee, "We are just not interested in these VA loans." Unless you have a real secondary market the veteran will not get his home which he needs and to which he is entitled.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. YATES. Are not 80 percent of the FNMA mortgages now Veterans' Administration mortgages?

Mr. RAINS. About 80 percent were Veterans' Administration mortgages. This is really the way to get back to a system which has worked. Why depart from a tried, true, and proven friend off into the realm of hopeful uncertainty?

Mr. McDONOUGH. Mr. Chairman, man, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from California.

Mr. McDONOUGH. Do I understand your amendment to say that you leave FNMA as it is now operated, without this proposed new organization in the bill, and you add \$500 million to its present authority?

Mr. RAINS. That is correct.

Mr. McDONOUGH. In the belief that FNMA has heretofore operated at a profit?

Mr. RAINS. I say it has operated at a profit and satisfactorily. That is correct.

Mr. YATES. That is correct. It is in the hearings.

Mr. RAINS. Mr. Chairman, in accordance with permission granted this morning by the House I attach herewith a summary of an estimate of the housing needs by the National Housing Conference:

AMERICAN HOUSING NEEDS, 1955-1970

Housing construction has reached record levels during the 8 years since the end of World War II. During the last 4 of these years we have built an average of 1.2 million homes a year, an achievement far exceeding previous 4-year construction levels. On the other hand, construction volume for the last 3 years has been 20 percent below the peak of 1.4 million units built in 1950. We clearly have a capacity to build from 1.5 to 2 million homes each year. Real progress has been made in overcoming the great shortages of housing which accumulated during the war years. But little progress has been made toward eliminating the slums and substandard homes inhabited by millions of American families. We must reexamine our needs for housing in the light of these accomplishments and these deficiencies and in the light of our vastly expanded capacity for production.

Future housing requirements must be estimated upon the assumption that the Nation will maintain full employment, will continue to expand its economy, and that our population will grow in keeping with these conditions. It is further assumed that defense expenditures will not increase; that Federal aids for housing will continue and expand; and that the Nation will desire and be able to achieve our national goal of a decent home in a suitable living environment for every American family.

The 1950 census reveals that we have 15 million substandard homes. These homes do not measure up to reasonable American standards of living because they are dilapidated, are located in slum areas, or lack interior plumbing facilities. Ten million of these homes must be cleared and replaced. More than 4.6 million substandard units may be brought up to standard by rehabilitation and modernization. These needs are summarized in millions of units, as follows:

	Total substandard	To be replaced	To be rehabilitated
Urban.....	8.9	6.9	2.0
Rural nonfarm.....	3.0	1.7	1.2
Farm.....	3.4	1.5	1.4
Total.....	15.3	10.2	4.6

1 500,000 additional farm units to be abandoned.

Other housing needs arise from the formation of new families, undoubling of families who now lack separate homes, the migration of 3 million families each year, and the desire of many single persons for separate dwellings. In addition we must replace homes which are demolished by fire or other disaster, or are cleared in highway and other construction programs. Finally, many hundreds of thousands of units reach obsolescence each year. These must be replaced or our housing condition deteriorates. The sum of these annual requirements may range from 1.3 million to 2.4 million units per year. If we replace the homes which were substandard in 1950 during the next 20 years and at the same time meet our annual new needs, we must build from 2 million to 2.4 million new homes per year as follows:

	1955-60	1960-65	1965-70
For additional households and vacancies.....	1.43	1.65	1.74
Replacement of substandard.....	.50	.50	.50
Replacement of annual losses.....	.10	.13	.16
Total new units needed each year.....	2.03	2.28	2.40

If we do not achieve this level of new construction, we will never be able to clear slums and eliminate substandard housing. Indeed at present levels of construction our present substandard units will never be replaced, and we will have more substandard housing in 1970 than we had in 1950. Even if we build 2 million units a year and rehabilitate 400,000 additional units each year, 5 million American families will still be using homes which were substandard in 1950 when 1970 arrives.

New construction per year	Substandard units remaining			
	1955	1960	1965	1970
1.2 to 1.4 million.....	15	14	15	17
1.4 to 1.6 million.....	15	13	13	14
1.6 to 1.8 million.....	15	12	10	9
2.0 to 2.4 million.....	15	10	7	5

These requirements arise because the number of new families being formed each year will rise sharply after 1960. Reasonable progress toward slum elimination requires construction of 2 million new homes per year from 1955 to 1960, with increases to 2.4 million by 1965-70. Lower rates of new construction imply a deterioration of our housing standards, or such low rates of replacement that slums will not be cleared during the next two generations.

With the rapid increases in gross national production which have occurred in recent years, the production of 2 million to 2.4 million homes a year is an economically feasible goal. If national output continues to grow at the rate of the last 25 years, we can achieve our housing goals even though we spend no more of our national income for housing than we have in the past. A decreasing proportion of our output could achieve these goals. Indeed, unless we can achieve and maintain a higher level of housing production, we will be unable to maintain full employment and an expanding economy.

Recent housing production has been built to serve predominantly those families in the upper income groups. Rapid increases in family incomes have made possible the continued sales of homes to these families. In the future, however, we must increasingly produce homes for middle- and lower-income groups. If we are to sustain a high level of housing construction, we must produce homes in the broad price-classes suggested below:

Rents or monthly purchase prices:	Nonfarm homes per year
0 to \$30.....	520,000
\$30 to \$50.....	380,000
\$50 to \$75.....	300,000
\$75 and over.....	560,000

This suggests that 1 million to 1.2 million homes can be sold or rented each year under the systems of financing and Federal aids now available. About 600,000 additional units of private housing should be produced and financed annually to meet the needs of middle- and lower-income families who are not now able to afford new homes. An additional 200,000 units of public housing are needed to meet the needs of low-income families. In addition, more than 200,000 units per year are needed by farm families to replace substandard units.

[Mr. ROGERS of Texas addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. MULTER. Mr. Chairman, reserving the right to object, will not the gentleman make it 15 minutes?

Mr. WOLCOTT. Mr. Chairman, I modify my request and ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes, the last 5 to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The gentleman from New York [Mr. MULTER] is recognized.

(Mr. YATES asked and was given permission to yield his time to Mr. MULTER.)

Mr. MULTER. Mr. Chairman, the amendment to strike this title from the bill is one of the very important amendments being offered to improve the bill and to make the law workable, not only for the veterans concerned but for everybody concerned—to make it a successful, usable program. Therefore, we want this section entirely eliminated.

All of my "advisers"—using the word that was used by certain Members yesterday when they suggested that I consult with my advisers—have suggested not only the other amendments that

have been rejected, but have strongly urged upon our committee in their testimony before our committee that this title is very bad.

I said the veterans do not like it. The lenders do not like it. The builders do not like it.

I have in my hand telegrams from the Home Builders' Association of Schenectady; the Rockland County Builders' Association; the Home Builders' Association of Syracuse; the past president of the National Association of Home Builders, who happens to be doing a lot of building in New Jersey, and has done much building in Pennsylvania; Mr. John Reilly, president of the American Bankers' Association; Mr. Shanks, president of the Prudential Life Insurance Co.—he came before our committee representing all of the insurance companies who lend billions of dollars; Mr. Hughes, president of the National Association of Home Builders; and any number of others have all said that this program as in this bill is a bad one and should come out of the bill.

Let me tell you, not in my language but in the language of Mr. Coogan, a man who is president of an association today that is buying and selling these mortgages throughout the country—this is what he says:

The entire FNMA set up as outlined in this bill is unworkable and an impediment to housing rather than an assist. FNMA has been the backbone of the housing operation for FHA and VA and should not be disturbed except for unquestioned improvement. Buying under the market would cost three more points. The mortgagees cannot afford to leave their capital tied up in such certificates, so they will pass the charge on to the builder. This means 5 or 6 points to the builder before he pays origination fees, and construction financing another 2½ points, to a total of 8 to 10 points depending on his location. The builder cannot afford such charges, and neither can the Government, whose function is to help, impose such charges.

Here is the point I have in mind. Under this new FNMA setup, if you permit this title to remain in the bill you are going to raise the price to the veterans and to the prospective home purchaser by this additional charge that he and he alone must pay.

The way to take it out is to support the Rains amendment. The mortgagee is not going to take the loss. Ask your subcommittee of the Veterans' Affairs Committee of the House and they will tell you they found that the discount racket was one of the things that contributed most to increased cost to veterans, because the buyer of the house must pay the charges.

The only way to stop that racket is to continue the present FNMA under proper administration. You can do that by supporting the Rains amendment now before you.

(Mr. EBERHARTER asked and was given permission to extend his remarks at this point in the RECORD.)

TRICKLE-DOWN HOUSING

Mr. EBERHARTER. Mr. Chairman, this housing bill is another in the long and monotonous parade of measures coming before this Congress to buttress trickle-down economic theories.

Prosperity from the top down, as practiced by this administration, has meant recession from the bottom up. Now we have a housing bill which proposes a gravy train for the mortgage bankers on the theory that this will get a lot of new money into the housing field and thus lead to the construction of a lot of new housing.

But it just does not work that way. If people cannot afford new homes because of excessively high interest rates, they do not buy; if they do not buy, builders do not build. It makes no difference how attractive the investment is to bankers, if houses are not built and sold, mortgages cannot very well be written on them.

What this bill proposes, among other things, is a brand new secondary mortgage market system which would eventually become banker owned and banker directed. The mortgage bankers would be charged a 3-percent fee for the use of facilities. They would pass that fee along to the builder and in turn to the purchaser, who would eventually pay all of those fees. But the banker would get a certificate of credit for the fee he has paid, and eventually he could cash those certificates in for stock in the corporation. Isn't that a sweet set-up?

Suppose we had that same set-up, or an equivalent one, on excise taxes. The excise taxes are in some instances assessed at the manufacturer's level, who pass it on to their customers. But suppose—after the customer has paid the taxes in full—the manufacturer could then count all of those taxes against his own income taxes?

That's what the Banking and Currency Committee is proposing here for the mortgage lenders—a free ride into not only the control but the ownership of the secondary mortgage corporation on the strength of fees paid by purchasers of homes.

Once the mortgage bankers get control of that operation, the home builders will be at their mercy and the housing policies of this country will be made in Wall Street instead of in Washington and Main Street.

The home builders know it, too. From what I hear, they are very disappointed—rather, furious—over the actions of the first Republican administration to come to power since all those banks and building-and-loans went bankrupt, when no outfit was doing any business in the mortgage field until the start of the Home Owners Loan Corporation, and the only building was the construction of barbed-wire fences and barricades to keep out the unemployed.

This bill will be very helpful to the Democratic Party, just like the housing bill in the Republican 80th Congress.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. BOLLING].

(By unanimous consent, the time allotted Mr. McCARTHY was given to Mr. BOLLING.)

Mr. BOLLING. Mr. Chairman, I rise in support of the Rains amendment. I make no pretense to being an expert on FNMA and the secondary mortgage market; however, I have given some study

to this particular matter. This amendment fits in to the pattern of an attempt on the part of the House to work its will on a piece of legislation which badly needs improvement if it is to achieve its avowed purposes.

One of the most depressing of my experiences as a Member of this body were the hearings on the present piece of legislation. I had the opportunity of questioning the Administrator of the Housing and Home Finance Agency at considerable length during the hearings. I have never been so much discouraged by the answers of a responsible official as I was by his. I do not mean to infer that I feel that Mr. Cole is failing to do an honest, honorable job by his own rights. What I do mean to say is that he constantly used the word "experiment."

He said over and over again that this section or that section was frankly an experiment. I think what we need to do is to understand that in this piece of legislation, while Mr. Cole and other members of the Banking and Currency Committee may think they are experimenting with methods of financing housing or methods of providing housing, that they are, in fact, experimenting with people. This title which the Rains amendment seeks to strike is one of these experiments with people. The Federal National Mortgage Association has worked to provide a secondary mortgage market. In some areas of this country very little housing would have been built unless there were such a secondary market. At a time in the Nation's history when we are unsure of our economic future, when there is argument as to what the condition of the economy will be in a few months, why now experiment by substituting for proved programs, programs about which we know very little and about which even its proponents say they are not sure how it will work?

In dealing with another section, the section which has been highly touted as that which will supply housing for those people displaced in urban renewal programs, Mr. Cole left with me the impression that he would be willing to experiment indefinitely. I am not. I want action now. The time has come for us to recognize that we have a responsibility to the low-income and the middle-income people as well as to those in the upper brackets in regard to housing. The Rains amendment could help people in the low and middle-income brackets.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, the amendment should be defeated overwhelmingly. I do not think the sponsors of the amendment have in mind that this amendment would terminate the so-called one-for-one program which has been used extensively in remote regions of rural America. I have been one means of rural America in the remote regions getting any benefit from FNMA. It would also destroy any hope that we could carry on a liquidation program of the \$3.3 billion of mortgages which might be held in the FNMA portfolio, and returning this \$3.3 billion to the United

States Treasury. It would also make it impossible to make prior commitments, especially in respect to the new section 220 programs and the new section 221 programs. These programs would authorize, in the large city areas, low-cost housing in connection with slum clearance and urban renewal projects with special emphasis upon replaced families. As a matter of fact, there is a provision in this bill under which FNMA can act as a secondary market for the financing of mortgages up to \$7,600 or \$8,600, as the case may be, with an amortization of 40 years and with no downpayment. The amendment would make impossible those low-cost housing programs. I might say also that it probably will mean that you will eliminate all probability of there being written into this act any additional public housing units. I think in that respect I should be in favor of the amendment.

Mr. RAINS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. RAINS. May I ask a simple question—why?

Mr. WOLCOTT. Because there will be on secondary market. Of course, you would not expect any financing concern, any insurance company, to take a mortgage, with no downpayment, no equity, running for 40 years, without a strong secondary market that can bail them out. The \$500 million which you provided here could be eaten up just like that, under the gentleman's amendment, without providing any assistance for the 220 and 221 programs. There would not be available sufficient secondary market money for these programs. The gentleman will remember that some years ago we had to let FNMA die down to almost nothing at all to prevent FNMA from bailing out many financial institutions. They had gotten their portfolios filled with paper of questionable marketability and were ready to dump all of that paper onto FNMA when we stopped it. The gentleman's amendment would just reopen that dangerous practice.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired. All time has expired.

The question is on the amendment offered by the gentleman from Alabama [Mr. RAINS].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 91, noes 105.

Mr. RAINS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. RAINS and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 139, noes 149.

So the amendment was rejected.

Mr. ROGERS of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Texas: On page 163, line 12, after "Association" insert "including mortgages purchased out of the portfolio of the Association which is subject to management and liquidation under section 306 hereof."

[Mr. ROGERS of Texas addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, the amendment, I am afraid, has not been explained, but, as we understand it, the amendment would authorize the taking of the present portfolio which would ordinarily be in the management and liquidation section—306—and using it in the secondary market.

We have set up a well-balanced program in that respect. If the gentleman intends by his amendment to take it from liquidation then, of course, it would freeze a comparable amount in FNMA and would prevent it from exercising its true secondary market functions. We do not know how much they will indulge in that practice. It will run into the hundreds of millions of dollars that FNMA would have to hold instead of liquidating its assets. I do not think we want to do that without knowing where we are going.

Mr. EDMONDSON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I do not believe anywhere in the country we have held hearings on behalf of the Veterans' Affairs Committee and we have talked to builders who have not said it is essential that we have a secondary market for mortgages. I do not believe anywhere in the country they have talked to us on this point that the builders have not failed to emphasize the importance of this 1-for-1 plan under which it has been possible to get advance commitments that made possible the vast housing programs that have gone on in the past years.

There is no point in the world in putting this plan into operation and having a 1-year gap or a 1-year period in which there is no basis available for advance commitments or for purchase contracts. It may be that after 1 year it is advisable to carry out the policy as proposed in the bill. But what is going to happen in that period of 1 year if we do not have some basis on which to make these purchase contracts that are provided for in the bill?

May I quote to you from testimony before this committee given by Mr. R. G. Hughes, president, National Association of Home Builders, who told this committee exactly what will happen if this goes into effect as provided in the bill. He stated:

Under the bill as written, the 1-for-1 plan can be used only with respect to the prospective portfolio to be accumulated under the new secondary mortgage-market function. But there will be no new portfolio accumulated in FNMA's hands for at least a year to form a base for a new 1-for-1 operation. During that time construction would cease.

I want you to hear these words now from the man who heads the National Association of Home Builders:

During that time construction would cease in those many areas which presently depend on 1-for-1 as their sole source for the advance commitments which are essential to home building. Our suggestion would bridge the gap until the effect of the new legislation could be felt.

That is what is proposed by the amendment offered by the gentleman from Texas [Mr. ROGERS]. It provides a bridge there for that 1-year period. At the end of that 1-year period there is no reason why the mortgages that are in the liquidation portfolio today cannot thereafter be liquidated. We are going to delay for a period of time the liquidation period, but at the same time we are going to provide a basis for the purchase contracts that will make possible an effective advance commitment from the Government to enable us to carry on our building program. Certainly this is a thing that has sanity to it. It is a proposition with commonsense behind it, it is a proposition that does not mean any net loss to the Government, no net loss whatsoever. It does insure a continuation of an adequate building program.

Mr. Chairman, I hope that the House will vote for the amendment offered by the gentleman from Texas [Mr. ROGERS].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. ROGERS].

The question was taken; and on a division (demanded by Mr. ROGERS of Texas) there were—ayes 79, noes 89.

Mr. ROGERS of Texas. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WOLCOTT and Mr. ROGERS of Texas.

The Committee again divided; and the tellers reported that there were—ayes 129, noes 128.

The CHAIRMAN. On this vote the Chair votes "no"; therefore the ayes being 129 and the noes 129, the amendment is not agreed to.

Mr. McDONOUGH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there has been some question in the minds of some of us that the bill does not provide for the financing of homes and the purchasing of mortgages under title III in outlying sections such as Guam, Alaska, and Hawaii. There is a section in the bill that provides that the President has the authority to use up to \$200 million for the purchase of these mortgages wherever in his opinion that is necessary and where the economy of the Nation is affected by lack of such finances. Therefore, in order to assure the Delegate from Alaska, who has been concerned about this, and others, may I ask the chairman of the committee if that is not the situation, that this section of the bill does provide that authority?

Mr. WOLCOTT. As I understand the gentleman's inquiry, it provides for that authority.

Mr. McDONOUGH. The chairman of the committee has assured me that that section of the bill does do that.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Alaska.

Mr. BARTLETT. May I inquire of the distinguished chairman of the committee if in his opinion the special assistance provision can perform the same functions or service as subsection (b) of section 2 of the Alaska Housing Act, which is sought to be repealed in section 305, page 178, of the bill?

Mr. WOLCOTT. The special assistance provision of the bill will take care of Alaska, with the exception of the loan authority. That is provided for in other legislation.

Mr. BARTLETT. I thank the gentleman.

Mr. McDONOUGH. The situation in Guam is that there are a large number of civilian employees identified with the Government and housing is necessary. We want to provide some means to finance that kind of housing. According to the interpretation of this section of the bill, it will provide that means. I wanted to get that point in the Record.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 178, strike out everything in lines 23 and 24.

Mr. MULTER. Mr. Chairman, this amendment seeks to strike section 306 from this title. It appears on page 178 of the bill. Section 306 seeks to repeal Public Law 243 of the 82d Congress, approved October 30, 1951. That section is the one which permits advance commitments by FHA for cooperative housing which has been used in the main by minority groups. Without this kind of commitment, minority groups cannot build any cooperative housing.

The difficulty up to now has been that the lenders have had an ample market for their funds. They stayed away from the minority-group housing. Now that money is becoming easier, they are looking for new fields, and they are just beginning to go into the field of minority cooperative group housing. Without this advance commitment, they cannot participate in that program.

It is, therefore, essential that this section be deleted from the bill so that cooperative housing for minority groups can be carried on. With this repealer, as it stands in the bill, that minority group housing will come to an end even before it gets underway.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. McCORMACK. For the record, will the gentleman state what he has in mind by the expression "minority groups"?

Mr. MULTER. I mean our colored people and especially those who cannot move into houses because of segregation rules. Today they are trying to build multifamily houses and some single-family houses in large groups. They have not been able to get the financing. There is nothing in this bill to compel any community to mix the groups. This will, however, permit them to go where they are able to buy the land and put up housing on their own, which they can buy and own. Up to now, they could not get financing for it. It applies in the main to the colored groups.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. JAVITS. Is it not a fact that these express groups in view of their nature, and of their being put together, could not possibly have any section 213

housing projects unless they could get this prior commitment?

Mr. MULTER. The gentleman is right. If you cannot get a prior commitment, which means an agreement to give you a mortgage, you cannot get temporary financing and you cannot put up the building.

Mr. JAVITS. Is it not a fact that the two groups who are finding it most difficult to get housing and are being displaced by these urban redevelopment projects are these very minorities?

Mr. MULTER. By both the urban redevelopment and the rural redevelopment projects.

Mr. JAVITS. I hope very much that the gentleman's amendment will be adopted.

Mr. MULTER. I appreciate the gentleman's support.

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, I think attention should be drawn to the fact that this applies only to so-called cooperative housing and the reason why the provision is repealed is that the authority for assisting minority housing is found in the special assistance functions. I call the gentleman's attention to the language on page 164, line 10, which refers to mortgages which are not necessarily readily acceptable to such investors. There is ample authority there to make the projects available to minority groups under these special assistance functions. That is all it amounts to anyway.

Mr. MULTER. Is it not true that there is no assurance as to that?

Mr. WOLCOTT. Well, there is no assurance under section 215 that it will be for minority groups.

Mr. MULTER. The point I am making is that it will come to an end even before it gets started.

Mr. WOLCOTT. There is a reasonable assurance under the language, which I mentioned here, that they will be taken care of, but there is no assurance at the present time under the situation that the gentleman proposes that they will be taken care of.

Mr. MULTER. But they have not been able to get the money. What objection can there be to this?

Mr. WOLCOTT. I heard the gentleman's colloquy which indicates that there has not been any trouble with FNMA and there has not been any trouble with the FHA, and there has not been any trouble with the primary lenders.

Mr. MULTER. Why not give them an opportunity to operate?

Mr. WOLCOTT. We have.

Mr. MULTER. What objection can there be to letting section 306 stay in the law?

Mr. WOLCOTT. There is no reason why you should put the two provisions in and foul it all up.

Mr. MULTER. But the other one is working now.

Mr. WOLCOTT. It is not working as satisfactorily as it is expected to work under the proposed language.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

The Clerk read as follows:

TITLE IV—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 401. The heading of title I of the Housing Act of 1949, as amended, is hereby amended to read "Title I—Slum Clearance and Urban Renewal."

SEC. 402. Title I of said act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

"Urban renewal fund

"SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the 'Urban Renewal Fund,' and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said fund."

SEC. 403. Section 101 of said act, as amended, is hereby amended to read as follows:

"SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes, and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

"(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

"(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under sections 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to

undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in clause (2) of section 221 (a).

"(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs."

SEC. 404. Section 102 of said act, as amended, is hereby amended—

(1) by amending the first sentence in subsection (a) to read as follows: "To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight, or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects";

(2) by inserting in the second sentence of subsection (a) before the word "expenditures" the word "estimated" and by inserting after the word "bonds" the words "or other obligations";

(3) by striking out "new uses of land in the project area" at the end of the first sentence of subsection (b) and inserting "new uses of such land in the project area";

(4) by striking out the words "bear interest as such rate" in the second sentence of subsection (b) and inserting "bear interest at such rate"; and

(5) by amending subsection (d) to read as follows:

"(d) The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved."

SEC. 405. Subsection (a) of section 103 of said act, as amended, is hereby amended to read as follows:

"(a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which

consists of open land under clause (1) (iii) of the second sentence of section 110 (c). The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

SEC. 406. Section 104 of said act, as amended, is hereby amended by striking "section 110 (f) of land" and inserting "section 110 (f) of the property".

SEC. 407. Section 105 of said act, as amended, is hereby amended—

(1) by striking "Contracts for financial aid" and inserting "Contracts for loans or capital grants";

(2) by amending subsections (a) and (b) to read as follows:

"(a) The urban renewal plan (including any redevelopment plan constituting a part thereof) for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole:

"(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided*, That clauses (ii) and (iii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;"

(3) by striking the word "project" wherever it appears in subsection (c) and inserting the term "urban renewal"; and

(4) by striking out the proviso at the end of subsection (c), and substituting a period for the colon preceding said proviso.

SEC. 408. Section 106 of said act, as amended, is hereby amended by inserting the following proviso before the period at the end of subsection (b): "*Provided*, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made."

SEC. 409. Section 107 of said act, as amended, is hereby amended by striking out

the words "redevelopment plan" and inserting "urban renewal plan."

SEC. 410. Section 109 of said act as amended, is hereby amended to read as follows:

"SEC. 109. In order to protect labor standards—

"(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers, or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

"(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title."

SEC. 411. Section 110 of said act, as amended, is hereby amended to read as follows:

"SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Urban renewal area' means an urban area that (1) the governing body of the locality determines to be blighted, deteriorated, or deteriorating and designates as appropriate for an urban renewal project, and (2) the Administrator approves as appropriate for a project under this title.

"(b) 'Urban renewal plan' means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this section, a redevelopment plan approved by the governing body of the locality.

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, in accordance with an urban renewal plan to achieve sound community objectives for the establishment and preservation of well-planned residential neighborhoods of decent homes and suitable living environment for adequate family life, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in

accordance with such urban renewal plan. For the purposes of this subsection, 'slum clearance and redevelopment' may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is either open or predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be blighted, deteriorated, or deteriorating shall not be applicable in the case of an open land project; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection, 'rehabilitation' or 'conservation' may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

"For the purposes of this title, the term 'project' shall not include the construction or improvement of any building, and the term 'redevelopment' and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term 'project' shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

"(d) 'Local grants-in-aid' shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing, and revenue-producing public utilities the capital cost of which is financed by service charges or special assessments) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Pro-*

vided. That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 percent or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement, or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

"(e) 'Gross project cost' shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

"(f) 'Net project cost' shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

"(g) 'Going Federal rate' means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the 6-month period (beginning with the 6-month period ending December 31, 1953) during which the contract for loan or advance is made, which applicable rate for each 6-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such 6-month period, on all outstanding marketable obligations of the United States having a maturity date of 15 or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 percent. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going

Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

"(h) 'Local public agency' means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

"(i) 'Land means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

"(j) 'Administrator' means the Housing and Home Finance Administrator."

SEC. 412. Notwithstanding the amendments in this title to title I of the Housing Act of 1949, as amended, the Administrator, with respect to any project covered by any Federal aid contract executed, or prior approval granted, by him under said title I before the effective date of this act, upon request of the local public agency, shall continue to extend financial assistance for the completion of such project in accordance with the provisions of said title I in force immediately prior to the effective date of this act.

SEC. 413. The provisos with respect to the appropriation for capital grants for slum clearance and urban redevelopment contained in title I of the First Independent Offices Appropriation Act, 1954 (Public Law 176, 83d Cong.) are hereby repealed.

SEC. 414. The Housing and Home Finance Administrator is authorized to make grants, subject to such terms and conditions as he shall prescribe, to public bodies, including cities and other political subdivisions, to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight. No such grant shall exceed two-thirds of the cost, as determined or estimated by said Administrator, of such activities or undertakings. In administering this section, said Administrator shall give preference to those undertakings which in his judgment can reasonably be expected to (1) contribute most significantly to the improvement of methods and techniques for the elimination and prevention of slums and blight, and (2) best serve to guide renewal programs in other communities. Said Administrator may make advance of progress payments on account of any grant contracted to be made pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended. The aggregate amount of grants made under this section shall not exceed \$5 million and shall be payable from the capital grant funds provided under and authorized by section 103 (b) of the Housing Act of 1949, as amended.

SEC. 415. Section 19 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended by striking "\$2,000" in subsection (a) and subsection (b) and inserting in each instance "\$3,000 unless insured as provided in title I of the National Housing Act, as amended."

SEC. 416. Section 20 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended—

(1) by striking "1949" wherever it appears in said section and inserting "1949, as amended": *Provided*, That this clause (1) shall not limit or restrict any authority under said section 20; and

(2) by adding the following new subsections at the end of said section:

"(1) In addition to its authority under any other provision of this act, the Agency is hereby authorized to plan and undertake urban renewal projects (as such projects are

defined in title I of the Housing Act of 1949, as amended), and in connection therewith the Agency, the District Commissioners, and the other appropriate agencies operating within the District of Columbia shall have all of the rights and powers which they have with respect to a project or projects financed in accordance with the preceding subsections of this section: *Provided*, That for the purpose of this subsection the word 'redevelopment' wherever found in this act (except in section 3 (n)) shall mean 'urban renewal,' and the references in section 6 to the acquisition, disposition, or assembly of real property for a project shall mean the undertaking of an urban renewal project.

"(j) The District Commissioners are hereby authorized to direct the Agency to prepare a workable program (such workable program to be approved by the said Commissioners) as prescribed by section 101 (c) of the Housing Act of 1949, as amended, and are also authorized to direct the Agency to request the necessary funds for the preparation by the Agency of said workable program. The District Commissioners are hereby authorized, with or without reimbursement, to assist the Agency in carrying out urban renewal projects and to utilize for that purpose the facilities and personnel of the District of Columbia under agreement with the Agency."

Mr. WOLCOTT (interrupting the reading). Mr. Chairman, I ask unanimous consent that the remainder of title IV be considered as read, and that it shall be open to amend at any point. That carries down through line 14 on page 199.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 182, in line 6, insert after the word "mortgage" the following: "under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (2) of section 220 (a), or."

Mr. SPENCE. Mr. Chairman, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. Wolcott].

The amendment was agreed to.

The Clerk read as follows:

TITLE V—LOW RENT PUBLIC HOUSING

SEC. 501. The United States Housing Act of 1937, as amended, is hereby amended—

(1) by striking the words following the first colon up to and including the words "such families" in subsection 10 (g) and inserting the following: "First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within 3 years prior to making application to such public housing agency for admission to any low-rent housing: *Provided*, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: *And provided further*, That, as among families within any such preference group"; and

(2) by striking the words "or was to be displaced by another low-rent housing project or by a public slum-clearance or redevelopment project" in clause (ii) of sub-

section 15 (8) (b) and inserting the following: "or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units."

SEC. 502. Subsection 10 (h) of said act, as amended, is hereby amended to read as follows:

"(h) Every contract made pursuant to this act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 percent of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: *Provided*, That, if at the time such agreement for local cooperation is entered into it appears that such 10 percent payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivisions in which the project is situated of at least 20 percent of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 percent: *Provided further*, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirements for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceeds 10 percent of the annual shelter rents charged in such project or (ii) 20 percent of the annual contributions paid by the Authority (but not in excess of the taxes levied): *And provided further*, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection."

SEC. 503. Section 10 of said act, as amended, is hereby amended by adding the following new subsection:

"(1) Every contract made pursuant to this act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

"(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection, (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

"(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in clause 1 (a) of this subsection: *Provided*, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project."

SEC. 504. Paragraph (6) of section 16 of said act, as amended, is hereby repealed.

Mr. WOLCOTT (interrupting the reading). I ask unanimous consent, Mr. Chairman, that the remainder of title V be considered as read, and that it be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WIDNALL. Mr. Chairman, I offer an amendment which is at the desk.

Mr. SPENCE. Mr. Chairman, I was on my feet and I have an amendment at the desk.

The CHAIRMAN. The gentleman from New Jersey [Mr. WIDNALL] likewise has an amendment. The gentleman from Kentucky rose before the unanimous-consent agreement had been reached. Both gentlemen were on their feet. Both gentlemen are members of the committee. The Chair felt it was within his discretion to recognize the gentleman from New Jersey.

The Clerk will report the amendment offered by the gentleman from New Jersey.

Mr. MULTER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MULTER. I most respectfully submit, Mr. Chairman, that the Chair is not acting properly in the exercise of his discretion. The gentleman from Kentucky [Mr. SPENCE] was on his feet asking for recognition before the Chair recognized the gentleman from New Jersey.

The CHAIRMAN. The Chair has been a Member of this body for some few years. The Chair is satisfied he is acting in accordance with precedent.

The Clerk will report the amendment offered by the gentleman from New Jersey.

The Clerk read as follows:

Amendment offered by Mr. WIDNALL: On page 199, after line 15, insert the following new section:

"SEC. 502. Section 10 of the United States Housing Act of 1937, as amended, is hereby amended by adding the following new subsection:

"(J) Notwithstanding the provisions of any other law, the Public Housing Administration may, with respect to low-rent housing projects initiated after March 1, 1949, enter into new contracts, agreements, or other arrangements during the fiscal year 1955 for loans and annual contributions pursuant to the United States Housing Act of 1937, as amended, with respect to not exceeding 35,000 additional units: *Provided*, That no such new contract, agreement, or other arrangement shall be made except with respect to low-rent housing projects to be undertaken in a community in which there is being carried out a slum clearance and urban redevelopment project, or a slum clearance and urban renewal project, assisted under title I of the Housing Act of 1949, as amended, and the local public agency undertaking such slum clearance and urban redevelopment project, or slum clearance and urban renewal project, certifies that such low-rent housing project is necessary to assist in meeting the relocation requirements of section 105 (c) of title I of the Housing Act of 1949, as amended: *And provided further*, That the total number of dwelling units in low-rent housing projects covered by such new contracts, agreements, or other arrangements shall not exceed the total number of such dwelling units which the Administrator determines to be needed for the relocation of families to be displaced as a result of governmental action in such community."

And renumber appropriately the succeeding sections of title V.

Mr. SPENCE. Mr. Chairman, I have an amendment at the Clerk's desk that I would like to be considered as an amendment to the amendment offered by the gentleman from New Jersey.

Mr. WIDNALL. Mr. Chairman, I have not yielded to the gentleman.

The CHAIRMAN. The gentleman from Kentucky can offer his amendment immediately after the gentleman from New Jersey has concluded his 5 minutes, unless the gentleman from New Jersey desires sooner to yield for that purpose.

Mr. SPENCE. If I am recognized for that purpose.

Mr. WIDNALL. I do not yield at this time.

The CHAIRMAN. The Chair has to protect the rights of the gentleman from New Jersey.

The gentleman from New Jersey is recognized.

Mr. WIDNALL. Mr. Chairman, one of the most controversial issues constantly being presented for consideration by the Congress is that of public housing. There are earnest and sincere advocates both for and against.

There is certainly one fact acknowledged by both sides. Slums are a blot on America. They are existing to the disgrace of our people. Too often in the past there has been an unholy alliance between the slum owner and municipal authorities. Slums have festered and grown because of the failure to enact or enforce adequate sanitary, building, health, or fire codes. Communities within our country are at last awake to the wisdom of making slums unprofitable.

I would like to read at this time part of an editorial recently published in the New York Times, entitled "Congress and Public Housing":

To those who have seen at firsthand the fine accomplishments wrought in our large cities by slum-clearance public housing it is discouraging to see the opposition, even to the point of animus, voiced against such housing in Congress, and especially in the House. One would expect House Members, being close to the people, to be aware of the importance of clean, decent housing in strengthening our democracy, in creating more wholesome conditions in which to rear children, in improving the moral climate. One would expect the House membership to be more sympathetic toward people of low income struggling to live with some dignity.

The large cities, and especially New York, are a special problem in housing. High land costs and other handicaps make home ownership out of the question for thousands of families. The House won't be helping these families in Manhattan, Brooklyn, and the Bronx, by encouraging private enterprise on a \$7,000 house. Nor can these families build little cottages for themselves after supper and on weekends, as so many do-it-yourself families do, all over the country, and more power to them.

As originally created public housing was sold on the basis of slum clearance.

In this bill there will be found the means for slum clearance and urban renewal under a broad new program.

As of December 31, 1953, there were 146 slum clearance and redevelopment projects in the final planning of loan and grant stage. These projects would result in the displacement of 40,000 families who would become eligible under this program. The final planning of loan and grant stage is that period in the program at which information on displaced families becomes available.

This amendment would permit the Public Housing Administration to enter into new contracts during the fiscal year 1955 for 35,000 additional low-rent public housing units. In other words, it would permit putting into the pipelines an additional 35,000 units which may be necessary to meet the problem of relocating low-income families who are to be displaced from their present place of living due to demolition of slum areas or other governmental action.

In the bill now before you is a broadened slum clearance, and urban redevelopment, conservation, and rehabilitation program designed to not only assist existing slum and blighted areas, but also affording a means of conserving neighborhoods and prevent them from becoming the slums of tomorrow. It is an overall integrated program. Communities, before qualifying for assistance, must show that they themselves are willing to take the necessary steps to preserve their communities by adopting and enforcing the proper health, sanitation, and housing codes and ordinances.

This amendment can play an important part in that program. Low-income families displaced as a result of governmental action in connection with slum clearance and urban redevelopment or urban renewal projects, whose income is not sufficient to enable them to pay an economic rent in other available housing accommodations, will be assured of

housing accommodations. The amendment will assist in carrying out the original purposes of the public-housing act, as I understand it, which is to provide adequate housing accommodations for low-income families displaced from slum and blighted areas and who must be relocated.

The units contracted for under this amendment would be available in those communities which either now have a slum clearance or urban redevelopment program or hereafter are eligible for assistance under the urban renewal provisions of the Housing Act of 1949.

The amendment would provide for contracts to be entered into during the fiscal year 1955 which under existing law could be started during the fiscal year 1956. By its action this week the House has already authorized the 35,000 units now in the pipeline to be started during the fiscal year 1955.

I would like to further call your attention to the fact that the new FHA section 221 program is limited in its application to those families displaced as a result of governmental action in communities receiving slum clearance assistance under title I of the Housing Act of 1949. It is hoped that both the new FHA sections 220 and 221 will provide a means of rehousing many of these displaced families and thus decreasing the future need for public housing.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(On request of Mr. CANFIELD, and by unanimous consent, Mr. WIDNALL was allowed to proceed for 5 additional minutes.)

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from North Carolina.

Mr. DEANE. May I say to the gentleman from New Jersey that I have served as a member of the minority with him and I admire his work on the committee. Having served with him on investigations, I am appreciative of his sincere interest in all phases of public housing wherever it is located and I commend the gentleman for offering this particular amendment.

Mr. WIDNALL. I thank the gentleman.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I, too, would like to commend the gentleman for his action. In my own city of Lowell, Mass., people were displaced and cannot get housing.

Mr. WIDNALL. I thank the gentlewoman from Massachusetts.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Mr. Chairman, I desire to congratulate the gentleman from New Jersey and to assure him of my support of his amendment.

Mr. WIDNALL. I thank the gentleman.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. Can the gentleman give us some idea of the estimated cost of this proposal he is presenting?

Mr. WIDNALL. I cannot give the gentleman an estimated cost at this time.

Mr. GAVIN. Approximately what does the gentleman think it would cost?

Mr. WIDNALL. I will obtain the figures and submit them to the gentleman.

Mr. GAVIN. I think we ought to first know approximately what this proposal is going to cost if we are going to give it consideration. I believe it is important that some member of the committee be here to give us the desired information. Can the gentleman assure us within the next several minutes that he can give us that information?

Mr. WIDNALL. I can give the gentleman that further assurance. I would like to say at this time that this is in line with the President's program. The costs would vary according to where the projects are to be located, according to local taxes, and the amount involved in the construction.

Mr. GAVIN. Like Mr. Rich, I am concerned as to where we are going to get the money.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Wisconsin.

Mr. KERSTEN of Wisconsin. I would like to compliment the gentleman for this amendment. In Milwaukee we have a slum-clearance project on which operations are commencing, and I particularly appreciate the accent on slum clearance. We would like to clean out our slums, and that is the primary object of this amendment, as I understand.

Mr. WIDNALL. I thank the gentleman.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Illinois.

Mr. YATES. According to the testimony submitted to our Committee on Appropriations, the cost of constructing a unit was approximately \$12,000. I do not know whether that answers his question or not. This is the construction cost. What the sum total of annual contributions will be, I do not know. But the cost of constructing these projects is only a fraction of the total cost necessary to take care of these blighted areas—the delinquency problem and the police protection made necessary by maintaining these slums.

Mr. OAKMAN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Michigan.

Mr. OAKMAN. I understand the amendment is to provide not to exceed 35,000 public housing units for fiscal 1955.

Mr. WIDNALL. That is correct.

Mr. OAKMAN. To be built only in areas cleared of slums; to be replacement units; is that correct?

Mr. WIDNALL. And to relocate families displaced as the result of slum clearance, urban redevelopment, or through renewal programs.

Mr. OAKMAN. Not only to be cleared but are now cleared slum projects and that are being built around the periphery of the cities?

Mr. WIDNALL. Yes.

Mr. OAKMAN. And that is only for fiscal 1955?

Mr. WIDNALL. Yes.

Mr. SPENCE. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. SPENCE as a substitute to the amendment offered by Mr. WIDNALL: On page 199 after line 15 insert the following new section:

"Sec. 501. Notwithstanding any other provision of law, Public Housing Administration, with respect to low-rent housing projects under the United States Housing Act of 1937 initiated after March 1, 1949, may authorize the commencement of construction of not to exceed 35,000 dwelling units during the fiscal year 1955, and not to exceed 35,000 additional units during each of the fiscal years 1956, 1957, and 1958 and may enter into such agreements, contracts, and other arrangements for the construction of such dwelling units as may be necessary."

And renumber the four succeeding sections accordingly.

Mr. SPENCE. Mr. Chairman, this substitute is offered to make this bill conform to the wishes of the President as expressed in his housing message of January 25 this year. He stated that the program set out in the bill has not been tried, and its success has not been established. Therefore he recommended that public housing be maintained at a reasonable level, and he suggested that it be continued for the next 4 years, 140,000 new units, with 35,000 to be constructed each year.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from California.

Mr. HOLIFIELD. The gentleman is, of course, giving the exact content, in a sense, of the President's message to Congress on January 25; and if he will yield further to me, I will read the President's words.

Mr. SPENCE. I yield.

Mr. HOLIFIELD. I am reading from page 4 of the President's message, House Document No. 306, the last paragraph:

Until these new programs have been fully tested and by actual performance have shown their success, we should continue at a reasonable level the public housing program authorized by the Housing Act of 1949. I recommend, therefore, that the Congress authorize construction during the next 4 years of 140,000 units of new public housing to be built in annual increments of 35,000 units. Special preference among eligible families should be given to those who must be relocated because of slum clearance, neighborhood rehabilitation, or similar public actions. The continuance of this program will be reviewed before the end of the 4-year period, when adequate evidence exists to determine the success of the other measures I have recommended.

So the gentleman is advocating the very program which President Eisenhower sent up to the Congress on January 25.

Mr. SPENCE. The President has very wisely said that this program we are now considering is an experiment, and it

would be folly not to continue public housing until we can discover whether or not the program we are now considering will be a success.

This amendment carries out to the letter the program of the President. I judge that the President has made sufficient investigation to know just what that program will cost and what its advantages will be.

I congratulate the gentleman from New Jersey [Mr. WIDNALL] on taking the stand he did today in bringing in his amendment, and I congratulate the Members of the majority party in acknowledging the usefulness and necessity of low-rent public housing.

The President has asked for it, and you have now recognized it as a principle that low-rent public housing should be continued.

Mr. OLIVER P. BOLTON. Mr. Chairman, will the gentleman yield for a question?

Mr. SPENCE. I yield.

Mr. OLIVER P. BOLTON. Did I understand that the gentleman's amendment carried a provision specifically requiring that there be a preference for those who are moving from slum-clearance projects?

Mr. SPENCE. It merely continues the existing program for 4 years.

Mr. OLIVER P. BOLTON. In other words, the gentleman's amendment actually does not contain the recommendations in the President's program?

Mr. SPENCE. It contains the essential things that the President has asked for. The fundamental thing which the President speaks of is that we are trying to clean up the slums, to eliminate and prevent slums. That is one of the main objectives of this bill. The President wants to see that carried out. He realizes the weakness of this bill. He realizes that we have gone into fields we have never been in before. He realizes that we do not know what the results will be, and he asks us to continue the program that has formerly worked very well in eliminating the slums and blighted areas.

The program has accomplished it. There is no doubt about that. They may abuse it. They may call it socialistic. They may say it is unconstitutional, but they could not say that with much force, because the courts have upheld it. But with all that, it has accomplished the purpose that was sought to be achieved and has been a very effective means of removing the people from blighted areas and furnishing them a decent place in which to live.

I have seen the result of public housing in the town where I live and the towns nearby, where slums have actually been cleaned up and where the whole aspect of the city is different. The people have a new self-respect, a new courage, a new confidence, because of these slum clearance projects.

The CHAIRMAN. The time of the gentleman has expired.

(Mr. SPENCE asked and was given permission to proceed for 5 additional minutes.)

Mr. SPENCE. I judge now that you have acknowledged the necessity of these

public-housing projects, that you have adopted it as one of the policies of your party, you will not be influenced by the arguments that have heretofore been made against it as being socialistic and un-American. Nothing is un-American that helps a large segment of our people. The Government was established by "we, the people," and the people are the strength of the Government and the hope of the future. Unless you do something to help the underprivileged, you are not doing your full duty as their representatives. You say you are going to do it by this bill. I doubt if you will ever clear up any slums by this bill.

I say it is good policy to have the public-housing law on the statute books as a standby law in case the present experiment fails. I hope that you will vote this amendment up and give us a chance again to see what can be done with this bill while it is on trial. This amendment will afford a means to cure the deficiencies which may be found on trial.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the Widnall amendment and in opposition to the Spence substitute.

May I say at the outset that some of you who seek to continue this program for a while might be just a little careful about supporting the Spence substitute against the original amendment. We have not heard so much about public housing since the debate on the rule, and that was all in good humor. A lot of my good friends over here—and when I say "friends" I mean it—with whom I have served have had a lot of fun needling me. Undoubtedly many of them thought, "I wonder what old Charlie is going to say about that."

I want to review just a little history, but first of all I want to say this: I have spoken of the Eisenhower administration's program overall. I think it is a good one. I think it is one that is devised to be in the best interests of the country and of all the people. It is a program that we should support. I must say that even today I have watched my good friends on the Democratic side of the aisle line up solidly, whether you were from the South or the North, to vote down that aisle against us as we have been amending this bill. I sometimes wonder just who is for what, but there has been no question about my position.

I also recognize that there is no one of us who agrees in every way with every part of the program. It would be impossible to have that kind of agreement. I want to say again, as I have said before, that this program was hammered out in a series of conferences that began even before the President was inaugurated, continued on through the first session and into the conferences that were held before we opened this session, and later in conferences after this session got underway.

It is a program in which people have had their say. Having had their say, of course, they are free to support all of it or parts of it, but in any event that is the way the program has been devised. By and large, I say it is a good program.

Going back to some of the things which were said here in the debate on the rule. I well recall that memorable occasion in 1939 when there was an effort to greatly expand or develop or initiate a public-housing program. I took my stand against it then. I recall it as though it were yesterday when a great speech was made here in opposition to that bill by a former Member of this House who is now a Member of the other body. After that time, we had the Wagner-Ellender-Taft bill for which there was much urging, but on which no action was had. Then, in the 80th Congress, it became the Taft-Ellender-Wagner bill. It was passed in the other body but was never adopted in the House of Representatives because, I think, it would have been defeated by from 75 to 100 votes at that time. After we Republicans were defeated in 1948, we came into the Democratic 81st Congress. Again a public-housing bill was passed in the other body. I checked the record and there were only 13 votes against it in the other body at that time. Among those who voted in favor of it were people whom I respected then and respect now—but they did vote for it. Subsequently, that measure came to this body. It is true that I again opposed the bill. But, it was adopted here by a close vote and it became the law of the land. It provided for the construction of 135,000 units over a period of 6 years. Subsequently, by action of the Committee on Appropriations, confirmed by the House and by the other body, and in conference, that figure was cut back to 35,000 units per year as the limit, and we proceeded under that program. Under the 1949 Public Housing Act, some 210,000 units have been built. So we do have, and we have had for several years now, a public housing program. What is the issue, therefore, that confronts us today? It is not whether you are voting for or against public housing—because we do have public housing. The issue is when shall public housing, as a Federal operation, be terminated. That is the only issue. By action of the Committee on Appropriations, termination dates have been dealt with. The other day a situation developed which I think makes it manifestly clear that in the coming fiscal year upwards of 33,000 public housing units will be built. What does the Widnall amendment do? It says that we will postpone for a year at least the termination of this program that we already have. That is all that it says. It says that the pipeline can be filled up in the next fiscal year, if communities qualify, if the demand is there, and then in the following fiscal year, those starts or constructions may be made. It also, of course, necessarily recognizes that at the end of that time, the Congress can then again take a look at the program and particularly take a look at it in the light of this new overall housing program, which I say is a good one developed by some of the best brains in the country, and then determine what further we should do. The gentleman from Kentucky refers to public housing as an experiment. If he properly refers to it, and I believe he does, if it is an

experiment, it is not to be considered as an all-time, permanent ad infinitum policy of the Federal Government.

With respect to the President's position in that regard, let me point out to you that what he said to us in the messages indicates that he does not consider it a permanent program but rather a temporary program subject to reexamination.

In the state of the Union message he carefully pointed out, "and until alternative programs prove more effective, continuation of the public-housing program established in the Housing Act of 1949."

Then in the housing message itself:

Until these new programs have been fully tested and by actual performance have shown their success, we should continue at a reasonable level the public-housing program authorized by the Housing Act of 1949.

Mr. SPENCE. Will the gentleman read further?

Mr. HALLECK. I yield.

Mr. SPENCE. I say the gentleman did not read specifically his recommendation.

Mr. HALLECK. Of course, he did go ahead and talk about 140,000. Now I will address myself to that at this point, but before I do that—

Mr. SPENCE. I do not think the gentleman should apologize for his recommendation.

Mr. HALLECK. Oh, may I say to the gentleman from Kentucky, if I were to cast again the votes that I cast when this program was initiated, I would go back and do the very same thing. Let us understand that.

Now I want to discuss just a moment more this matter of extension rather than a vote on the fundamental issue that is involved, because I think that is clearly indicated by the President's message. Further, as to the President's attitude, he expressed in a press conference last Wednesday, and it was reported in the press, his satisfaction with the arrangement for the coming fiscal year by which we shall build those units for which we are contractually obligated. Then he spoke of a suggestion that had come to him of 35,000 additional to run over into the pipeline for the following year, and expressed his satisfaction with that.

I say to you on my responsibility here in my position, that the program as announced by the Widnall amendment for the 35,000 for 1 year is satisfactory to the administration.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I would like to proceed for a moment, please, and then I will yield.

Again, some of my friends over here got on me rather roughly the other day, but I recall when we had that tax-exemption matter before us the other day, which I thought was a matter of fundamental principle, there were only nine over here who voted with us. In the 80th Republican Congress we had proposals for steam plants in the TVA. I opposed them. Of course they did not pass in the 80th Congress. But in the 81st Congress they did pass. Yesterday there was a proposal to build a steam

plant in Memphis, Tenn., on the Mississippi River, not the Tennessee River. You might as well have put the Federal Government in the business of building a steam plant at Indianapolis, Ind. But again my friends over here, who castigate me on the way we are going down the aisle, voted for that steam plant over in Memphis.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. Yes; I yield.

Mr. SPENCE. I did not mean to castigate the gentleman. I have a very high regard for him, but did the President repudiate what he said in his housing message?

Mr. HALLECK. I will answer that. I am sure the gentleman meant that question in all sincerity, and not facetiously. I do not think it involves any repudiation of any position. If you want to say that it involves repudiation—that is a rather harsh word—but if it involves a willingness to meet halfway some other idea that somebody else might have, then I say thank God we have got a President who is willing to meet them halfway, and not insist on every line and every paragraph of every proposal he has made.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

Mr. SPENCE. I did not mean to use the word "repudiation" in any harsh way, but I thought possibly the policy squad went down to see him and persuaded him to change his views. Is that what happened?

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. YATES. Will members of the gentleman's party meet the President halfway?

Mr. HALLECK. That is up to them.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. McDONOUGH. I appreciate the position the gentleman has taken, but if the amendment offered by the gentleman from New Jersey [Mr. WIDNALL] is adopted, becomes part of the bill, will the gentleman support an amendment that will protect cities and municipalities that do not want public housing in their desire not to have it if they decide by referendum they do not want it? I have such an amendment I would like to offer.

Mr. JAVITS. If the gentleman will yield, that is in the law now.

Mr. McDONOUGH. It is not permanent legislation; it is in an appropriation bill.

Mr. HALLECK. I think that any city and municipality ought to have the right to refuse a program if they do not want it. As far as I am concerned no one should be able to force it upon a city or county. It was in a bill, but was stricken out on the point of order made by the

gentleman from New York [Mr. MULTER]. I was very unhappy to have him make that point of order, because a lot of things went out that should have stayed in that bill. That should be in this bill. It could have been corrected here, but it has not been.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I have made my position clear; now if I may just proceed for a moment without interruption.

Mr. MULTER. The gentleman referred to my name; will he not yield?

Mr. HALLECK. I yield to the gentleman.

Mr. MULTER. The matter mentioned by the gentleman from California which the gentleman from Indiana says was struck out on my point of order in the appropriation bill is in the law today; that point is there, that you cannot force public housing on a community.

Mr. McDONOUGH. That is not so.

Mr. HALLECK. If it is not in there, it should be.

Mr. McDONOUGH. It is not in the Public Housing Act; it is in an appropriation bill.

Mr. HALLECK. As I have watched some of the actions here in recent months of some of my good friends here, I am reminded of a story Lindsay Warren told one time. He told of the fellow down south who was chopping cotton. The sun was beating him down, beating him down. Finally, he looked up at the sun and said: "Sun, where were you last winter when I needed you so bad?"

Again, let me just say that the issue here is not whether you are for or against public housing; the issue is when shall it be terminated? How shall it be tapered off? How shall it be fitted in with this new program?

Those are the things that are important. Let me say also in view of some of the statements that were made by some of my friends on this side of the aisle indicating that everybody had gone to the dogs and that we were folding up again, the President of the United States wants to build a stronger, peaceful, more prosperous America; and he has a program for this purpose. As far as I am concerned, I am going to try to help him build it. I do not think that in this request there is anything unreasonable. It does not run counter to my convictions as I view it.

I therefore earnestly ask that the substitute be voted down and that the Widenall amendment be adopted.

Mr. COLMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 199, after the Spence amendment, insert the following:

"Within 90 days after the effective date of this act the Housing Commissioner is authorized and directed to tender to each of the tenants in public-housing units a deed in fee simple for the units so occupied; and shall forthwith evict all tenants who refuse to accept such deeds. The same procedure shall be pursued as to all future units until they are disposed of.

"No subsidy, contribution, expense, or gratuity shall be paid directly or indirectly for the account of any such unit after the date of deeding such units to the respective tenants."

Mr. COLMER. Mr. Chairman, in taking the position that I do here today in opposition to public housing as such I am merely following out a position that I have consistently entertained from the very beginning of this program. In fact, I have voted and worked consistently each year against the continuation of the program which in my judgment is inimicable to the very existence of the Government under which we live. Frankly, out of the new Fair Deal program, there have been some good and bad features. For instance, I think that the rural electrification program is the best of that whole setup and has been a great boon to the rural peoples of this country and has contributed to the preservation of this glorious young Republic. It has done a job that private enterprise refused to do. But, out of all of this New and Fair Deal program, it is my considered judgment that this so-called public housing is the most inimicable to the continuation of the Republic. It strikes at the very bulwark of the Republic. It is un-American. It is socialistic in the truest sense of the word. It would destroy if permitted to continue to grow, the principle of individual home ownership, which after all is one of the basic principles upon which our Government is founded. It eats at the foundation of free and private enterprise. It destroys the initiative of the individual citizen and in the end if its proponents should prevail in their ambitious plans could end only in a socialistic state, or even worse, a dictatorship. This country is builded upon and has grown to its status of world leadership upon the American principle of home ownership. This housing program would lead to something entirely different. For instance, one has only to point out that communism is foreign and repugnant to home owners. We cannot continue this program without endangering the very foundation and the basic principles upon which the Government is founded.

Therefore I have proposed here by this amendment that if this program must be followed, if this House is to reverse itself by renewing this iniquitous program after only last year killing it by a vote of approximately 2 to 1, then it would be better for our common country from every angle considered to give these houses to the occupants thereof. While I naturally will be charged, possibly with some justification, of being facetious in offering this amendment, I believe that, if it must be done, that it is better to do it this way. It would be to the best interest of all concerned if the Federal Government should make a straight-out gift to the proposed occupants, and in that I am very serious.

In the first place, we would thereby make homeowners out of these proposed tenants. Having the responsibility of home ownership, they would naturally be more interested in their Government. They would no longer be under the compulsion to remain in the low-income class in order to have a place to live. Thus their initiative would be restored. They would no longer be subjected to governmental regimentation. For I am sure that those who have studied this program will bear me out in the assertion

that in these large public housing subdivisions these tenants are often required to vote according to the dictates of the prevailing governmental authorities under threat of eviction.

On the other hand, under my proposal the Government, that is to say the taxpayers, would no longer be required to subsidize the housing project. In fact, as I pointed out in a colloquy with the distinguished gentleman from Texas [Mr. FISHER], on yesterday that if this ambitious program as originally proposed were carried out that the Government would save in excess of \$14 billion by deeding the property over to the tenants as soon as the houses were constructed. In other words, under the basic law governing the public housing, the Treasury of the United States is required to subsidize the rental operations of these houses. Taking as a basis \$11,000 as the cost of each unit, the subsidy over the 40-year period would be \$8,800 per unit. This \$8,800 per unit, representing the subsidy from the United States Treasury, would be saved to the taxpayers if the houses were given away in the first place. But, as a matter of fact, the latest figures that I have been able to obtain are to the effect that these units are costing now more than \$14,000. Therefore, the cost to the Government is that much greater. All that one has to do, therefore, is to multiply this \$8,800 or \$10,000, or whatever it figures out to be under the latest figures, by the number of units to be built and one can see just how much this program is costing the taxpayers.

Mr. Chairman, I come back to the proposition that aside from the cost that the program is un-American and could in the end only destroy our system of Government. For instance, in my effort to analyze the situation, I have often thought of two men who worked side-by-side in a given industry. One is frugal, sober-minded, industrious and possessed of a keen desire to own his own home and go forward on his own initiative. He works regularly. Down in my country, when his 8 hours of work are over, he goes home and with his own hands and often with the assistance of his wife, builds himself a modest home out of his savings. He becomes a homeowner and a good citizen with initiative unlimited for advancement. His companion is not of a sober, industrious disposition. He works only when he feels like it and wastes his earnings in beer shops and otherwise. Therefore, his income is lower. Under this housing program the Government builds the not-so-industrious, ambitious worker an \$11,000 or \$14,000 house to live in at whatever rental he was able to pay. While at the same time the sober, industrious fellow worker who has built his own home would be taxed to furnish the other fellow a better place in which to live than he himself could afford.

Mr. Chairman, I opposed this program as I stated before under both of my Democratic Presidents, Roosevelt and Truman, because I thought it was wrong. Certainly if it were wrong under Presidents Roosevelt and Truman, it is wrong under President Eisenhower. Last year, this House, I repeat, by a vote of

approximately 2 to 1, wrote finis to this program. It killed it and it is dead today unless revived here by this House. And, I might point out to my Republican colleagues, that in that vote there were only 23 out of over 200 Republicans who voted against killing it. Now I have sympathy with a true liberal or New Dealer who believes in this kind of a program. We have many here over on our side. But to me it is unbelievable that any substantial number of our Republican friends on the other side of the aisle who have voted consistently against this program will about-face and vote for it.

Mr. Chairman, I have offered this amendment to point up the seriousness of the situation since I do not feel that the Federal Government owes it to any minority group of normal people to furnish them housing. I shall no doubt at the proper time ask permission to withdraw my amendment.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

(Mr. COLMER asked and was given permission to revise and extend his remarks.)

Mr. DIES. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. GAVIN. Mr. Chairman, reserving the right to object, I have no objection to the gentleman taking 5 or 15 minutes, but I do not want to see this debate run along here for about a half or three-quarters of an hour and suddenly be shut off, and those that do want to speak are not given the opportunity to speak. So, if the Chairman will advise us whether he will permit debate to continue, I will not object.

Mr. WOLCOTT. Maybe we can clean the situation up right now if the gentleman will yield for that purpose.

Mr. DIES. I yield.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on the Widnall amendment, the substitute, and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. WILLIAMS of Mississippi. I object, Mr. Chairman.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on the Widnall amendment, the substitute, and all amendments thereto close in 40 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. WHEELER. I object, Mr. Chairman.

Mr. WOLCOTT. Mr. Chairman, I move that all debate on the Widnall amendment, the substitute, and all amendments thereto close in 45 minutes.

The question was taken; and on a division (demanded by Mr. PRICE) there were—ayes 125, noes 39.

So the motion was agreed to.

Mr. GREEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREEN. My parliamentary inquiry is for the purpose of clearing up the situation. Is the gentleman from Texas' request to proceed for 5 additional minutes included in the 45 minutes?

The CHAIRMAN. No. This is the situation, as the Chair understands it. The gentleman moved to strike out the last word and propound a unanimous-consent request that has not been acceded to. Pending the request, he yielded to the gentleman from Michigan for a specific purpose. The Chair feels that the gentleman from Texas is recognized for 5 minutes at the present time.

Mr. DIES. Well, the Chair put the question, and no one objected to it.

Mr. GAVIN. I objected to it with reservations.

The CHAIRMAN. The Chair had not yet propounded the question. The gentleman from Texas is recognized for 5 minutes.

Mr. GAVIN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. DIES] to proceed for an additional 5 minutes?

Mr. HAYS of Ohio. Mr. Chairman, reserving the right to object, I should like to know, if this request is granted, how long are we going to go on these amendments? Does it mean we shall proceed for 45 minutes in addition to the 10 minutes granted to the gentleman from Texas, or 45 minutes including the time taken by the gentleman from Texas [Mr. DIES]?

The CHAIRMAN. The additional 5 minutes requested by the gentleman from Texas would be included within the 45 minutes agreed upon.

Mr. HAYS of Ohio. I withdraw my reservation of objection, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. DIES]?

Mr. BOLLING. Mr. Chairman, reserving the right to object, will the Chair state how the time will be allocated beyond that time taken by the gentleman from Texas, and to whom?

The CHAIRMAN. The time will be allocated after the gentleman from Texas has concluded.

Is there objection to the request of the gentleman from Texas?

Mr. GREEN. Mr. Chairman, reserving the right to object, I am only trying to get the situation clear in my own mind. The gentleman from Texas [Mr. DIES] was recognized for 5 minutes and propounded a unanimous-consent request to speak for an additional 5 minutes. That was not objected to.

Mr. GAVIN. Mr. Chairman, that was objected to.

Mr. GREEN. Mr. Chairman, that was not objected to. The gentleman from Pennsylvania [Mr. GAVIN] rose and made some remarks, but he did not object to the request. So there was no objection.

The CHAIRMAN. The Chair wishes to state that the unanimous-consent request had not been agreed to and the gentleman from Texas yielded to the

gentleman from Michigan [Mr. WOLCOTT], who then made his motion.

Mr. GREEN. Mr. Chairman, I think the gentleman from Michigan [Mr. WOLCOTT] can clear this situation up.

Regular order was demanded.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. DIES] to proceed for an additional 5 minutes?

There was no objection.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. DIES. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. In a spirit of fair play, in view of the fact that there are perhaps 15 Members who desire to speak, may I suggest that the gentleman take 7 minutes and yield back the remainder of his time?

Mr. DIES. I shall consider that.

Mr. Chairman, I can find no objection to the attitude of the sincere proponents of public housing. I know that there are men in this Congress who have consistently advocated that program for many years. They believe, as they have a right to believe, that this is a worthwhile program. They subscribe to the political philosophy that there is great virtue in big government. They believe that the end justifies the means. They think that in order to accomplish praiseworthy and desirable ends, you may adopt any questionable means. And certainly this is a questionable means.

At a time when the Government of the United States owes more money than all of the rest of the world put together; at a time when we operate annually on deficit financing, with no end in sight; at a time when our credit is in jeopardy, it seems to me that no one could find sound justification to continue this program.

However, I find no objection to the man who sincerely believes in paternalistic government, who has the idea that by building a great bureaucratic state and making the people the wards of the state, he can accomplish some great and desirable end. But the ones with whom I disagree are the Members of Congress who have consistently opposed this scheme and today are about to reverse their position on a fundamental question.

Mr. Chairman, I can understand that in politics there are times when officeholders find it expedient to play a little politics. As one politician once said, there are times when every statesman must rise above principle. I can appreciate the attitude of my lovable friend, the majority leader, but I recall so distinctly during the New Deal days, when some of us found it necessary to disagree with the leadership on fundamental questions and we took the floor of this House and opposed some measure contrary to the wishes of the leadership, and the President, jeopardizing our political existence and future in order to do so, that the Members of Congress on the Republican side praised us in the most lavish terms and came to us and shook our hands and said, "It is wonderful that you put country above party."

I know what the situation is with most of my Republican friends. You are really against this. You could not be for it. You have been talking about private enterprise all over the United States. The people elected you because they believed that you believed in private enterprise. Make no mistake about it. How in the name of goodness can you justify a program that keeps the Government in the housing business, that builds up an expensive and wasteful bureaucracy, when you know that the facts and the figures show it will be cheaper to do what the gentleman from Mississippi wants done, give them the houses and stop the program, than it will to continue under the present program. You know that.

You have told your constituents the same thing I have told my constituents, that you are opposed to stateism. You have denounced this idea that the Federal Government should do for the people what they should do for themselves or through their local and State governments. We have all told our people that. But now the President of the United States has recommended public housing and you are confronted with a very, very unpleasant situation, and I can appreciate it.

I know what pressure is applied to the tender portions of your political anatomy. I know, Mr. Chairman, what it is when the leader of the party comes to you, and you are a member of the Rules Committee—HOWARD SMITH and I remember quite well when we opposed the blanket authority which President Roosevelt wanted, and all the pressure that was applied upon us. I remember one night I could not sleep, I just broke out in sweat. I know what it means to oppose your administration when it is in power. You are compelled to pay a high price for it. But if it had not been for men in this Congress who were willing to pay that price, where would America be today?

I recognize the value of party government, and I do not blame our leaders, Mr. McCORMACK, Mr. RAYBURN, and Mr. HALLECK, for trying to preserve party regularity. You have to have a party. But I despise intolerance disguised as partisanship. I despise the man, be he a leader or member, who tries to justify the sacrifice of honest convictions on fundamental questions by the specious and flimsy excuse that he is a loyal party member. There is no form of dishonesty more reprehensible than intellectual dishonesty. There is a specie of bribery which is not punishable but which is sometimes more heinous than the acceptance of money. I refer to the politician who sells his votes for political preferment or advancement. The consciousness of duty well done and one's self-respect are more important than public office or political honors. The applause of one's conscience is sweeter and more gratifying to a decent man than the applause of the multitude.

I despise the selfishness which proclaims itself patriotic by following blindly party leadership. Actually, we are not being honest with ourselves when we follow party leadership because

it means advancement or patronage or some sort of political future. We must expect an occasional lapse of political virtue, but no decent person wants to become a professional. When I was a young man, my father said to me, "If you have to go into politics, and you probably will, you are going to have to play some politics, but just remember one thing. Have some conviction that you will not sacrifice. Maybe it is not a lot of things, but just one or two important things at least, which to you is more sacred and more important than any political office on earth." And I would not submerge my convictions on any fundamental issue to occupy any position in the land. You know it is a great feeling sometimes as you get past middle age and you have grandchildren, to look back on the course of your life. You know you have made a lot of mistakes. But, if you can sincerely say to yourself, "Well, I did have a little courage. There were times that I was willing to put my political future in jeopardy in order to serve the welfare of the next generation and my children and grandchildren"—if you have that consolation when you leave Congress you will be richly rewarded for whatever slights and whatever disappointments may have been heaped upon you. I know—I have been all down that road and I want to pay tribute to the men in this House who never receive tribute, to the men who have the courage of their convictions. They are on the liberal side and they are on the conservative side. I make no distinction. I respect a liberal if he is honest and sincere and if he believes in stateism—but I just do not believe in it. I came up to understand that socialism is unworkable in any country, and I think it will lead to a dictatorship.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, I listened with interest to the great speech of my good friend from Texas [Mr. DIES], although I am of the opinion the gentleman from Texas is a bit premature in his remarks as he is in no position to determine what action we on the Republican side may take on public housing legislation. It would be better if he would wait until the votes are taken. Back in times of 1949, Mr. Chairman, I had this to say about public housing and other programs.

I thought we were pretty well cleaned up with this type of program and that we were getting down to sound, clear thinking. Back in the early days of the New Deal we had political and economic planners; then we had the NRA and the WPA and the PWA. And we had planned economy and planned scarcity and many other programs.

So, I might say to the gentleman from Texas, that he should not get too much concerned about our positions on this housing program today, because some of us were against these programs then and we are now. I am not in accord with this public housing program whatsoever, and I said it back in 1949 and I have not changed my mind. So let us try to get

some information about this proposed public housing program in the 2 minutes I have available. We have the Widnall amendment and the Spence amendment. The Widnall amendment I understand is for a 1-year program on the basis of 35,000 units. The Spence amendment is 35,000 units a year for 4 years.

It is difficult to understand thoroughly the housing program in the 45 minutes allocated to these amendments today, and you have several billion dollars involved.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent that my 2 minutes be yielded to the gentleman from Pennsylvania.

The CHAIRMAN. Is there objection? There was no objection.

Mr. GAVIN. I thank the gentleman. The gentleman has interrupted me on many occasions, so it is very gracious of him to be so considerate. I am most grateful to my good friend.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield.

Mr. WILLIAMS of Mississippi. It had been my purpose to apologize for the supporters of this housing proposition. I cannot do that in 2 minutes, so I ask unanimous consent to yield my time to the gentleman from Pennsylvania.

The CHAIRMAN. Is there objection? There was no objection.

Mr. GAVIN. This is overwhelming. This exhibition of consideration that has been demonstrated is most pleasing. I want you to know my good friends that I appreciate it.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield to the gentleman from Pennsylvania.

Mr. GREEN. I do not think there is any Member of the House who is entitled to more consideration than the gentleman from Pennsylvania.

Mr. GAVIN. I thank my good friend very much.

Now, let us get into the housing matter as quickly as possible. I have not been able to secure much information at all about these proposed amendments. They say these units will cost about \$12,000. Some say \$12,000 and some say \$14,000. That is without the land or anything—just the straight out-and-out cost of each unit. Therefore just the out-and-out cost under the Widnall amendment would be about \$420 million for the first year. For the Spence amendment for the first year it would \$420 million. Had this proposal come up when Bob Rich was here, he would be saying, "Where are you going to get the money?"

If you vote for the Spence amendment, you are involving \$1,960,000,000 for 4 years as the Spence amendment is a 4-year program. That is a lot of money. That does not take in the cost of the land that is involved. That is just the straight construction cost.

Also, I might say, as has been pointed out today, that the difference between the cost of a unit and what the Govern-

ment would actually receive for rental on the unit is a difference amounting to about \$26.90 a unit per month. In other words, you are subsidizing the program to the extent of \$5,800,000 a year outside of actual cost and the land cost. So to be consistent having voted against subsidizing TVA the other day I cannot stand by here today and support further subsidy programs.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield.

Mr. ABERNETHY. What the gentleman is referring to is something that was settled and decided last Tuesday and Wednesday.

Mr. GAVIN. I wanted to point out to my friend that I am trying to be consistent.

Mr. ABERNETHY. I do not want the gentleman to use it that way, you see.

Mr. GAVIN. I merely want to state to the gentleman that we cannot vote 1 day to overrule the subsidy program in 1 area and the next day come back and support a subsidized housing program in another area. It does not make sense. I also want to compliment the gentleman from Mississippi for his fine work here in the House. He has won the admiration of the membership on both sides of the aisle. He is a determined fighter for his district, which he so very ably represents.

The gentleman from Texas [Mr. DIES] said some very fine things here today however, I want him to know that some of us are consistent in our thinking.

Recently I reviewed my remarks made on June 28, 1949, when the housing bill was before the Congress.

I have not changed my opinion any from the statement I made that day, so the remarks I now make are merely excerpts—because time will not permit—of the statement I made at that time.

I said, in 1949, in any event, to keep the record straight so when I sit down somebody will not say, "How do you think he is going to vote?" let it be understood that I intend to vote against the bill.

Now the President comes out and states we must have a housing program. So, come what may, we are going to have a housing program, and that is that. And you will take it and like it. You might not like it, but you will take it.

Certainly these giveaway programs are popular. They are surefire vote-getters. But if you can tell me that it is fair and equitable to have 2 men working side by side, both earning the same pay, 1 is frugal and saving and is able to pay for his own home, and under this proposed housing bill the frugal and industrious worker not only will pay for his own house but will be forced to pay, in taxes, for the house of his fellow worker who may not have been as frugal and industrious as he might have been.

Back in 1949 I said the money the Federal Government will dole out under this housing program has to be repaid. It will have to be repaid in taxes from the earnings of all our people, and if not in direct levies, then the people pay it indirectly in their cost of living, no matter what wage bracket they may be in. There is no such thing as free money.

Acceptance of the administration's housing program, I said in 1949, means a definite change in the American way of life. Certainly if one group or segment of our people are entitled to low-cost housing, then all people in certain brackets should be entitled to low-cost housing.

So it can be readily seen that once this program is established and the Federal Government contracts to build a certain number of houses, under the demand of public pressure the program will be increased and it may run into many billions of dollars before you are through.

I also said, in 1949, that high taxes are a millstone around the necks of all our citizens. They stifle initiative. They are a drag upon production. They are a major factor in the cost of living because they enter into the cost of everything. And instead of reducing taxes we are concocting formulas to increase taxes.

Every Member of this House knows how the people back home feel about taxes and they can be reduced if these programs are held in abeyance. If taxes were reduced the Federal Government would function more efficiently by eliminating waste and extravagance. Rather than create new formulas for spending, let us clarify those we already have on the books.

The history of the past few years is one of constantly increasing taxation and spending and through this the constant destruction of savings and continuous discouragement of private venture—the one sure way of providing jobs under our American system.

Therefore, I feel, under the circumstances, that this program should be deferred and I will vote against it.

That was my statement back in 1949. I can see no reason to change my mind at this time. I trust both of these amendments will be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. GWINN].

Mr. GWINN. Mr. Chairman, I am opposed to taking by force of Government 35,000 houses from one side of the street and giving them to 35,000 families tax-exempt on the other side. On top of that provide them with 85 percent of the cost of municipal services and cost of educating their children for 40 years besides. It will total about \$1,670,000,000, according to figures supplied by the Housing Agency.

Mr. Chairman, Republicans and conservative Democrats are just naturally too timid to win at such a rough, tough game for votes. To show you how high we would have to bid to get their votes listen to their testimony:

First, the National Association of Public Housing Officials demanded 5 million; second, Political Action Committee, 200,000 in 10 years; and, third, Mr. Shiskin, 600,000 new houses. By their words and faces they showed a contempt for the measly token of 35,000 houses offered them. And how they spurned the party that has such weak convictions. So there are no votes for us in that direction.

While 35,000 houses are not many and certainly not enough to win any Socialist

votes they are enough to violate again a fundamental principle that loses the conservative vote. That principle is that individuals exercising all their natural rights and powers are the only true source of houses, food, power—the source of all moral improvement with God's help—and that Government must be strictly limited in its functions to the protection of that source.

Either we believe that with all our hearts or we believe the exact opposite with all our hearts, that Government is the source, the instrument of force over men by which it gets or takes from them houses, food, power, and so forth. Surely we are not going to fall down and worship again that old satanic concept that by the use of political power and compulsion we can bring about the good life for our people. Let us reject it utterly as the concept was rejected nearly 2,000 years ago.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Chairman, I do not know where the gentleman from New York gets his figures of the cost of the program. The fact remains that the estimate of the cost of public housing under the 1949 program with 810,000 units of public housing which it was proposed to build, the cost of that program was put at \$300 million a year at the outside. So I do not know where he gets his figure of 35,000 units costing \$1,600,000,000 over 40 years.

Mr. Chairman, I rise in support of the Spence substitute amendment.

The public housing issue provokes a perennial dispute. It is time we recognized the needs of low-income families displaced from slum areas.

Last year a halt was called to the public-housing program while the Congress reexamined it. At that time there were approximately 62,000 units under firm contract between the United States and various public-housing authorities throughout the country. I say firm contract because the Comptroller General of the United States had ruled that the Government of the United States had entered into solemn and binding agreements to construct this number of units. And so last year there was no authorization given toward a further expansion of the program. It was decided that 20,000 of the 62,000 units would be built and in the appropriations bill the Director of the Housing and Home Finance Agency, former Congressman Albert Cole, whose views in opposition to public housing are well known to the Members of this House, was directed to make a complete analysis and study of the low-rent public-housing program and to transmit on or before February 1, 1954, to the Appropriations Committees of the House and Senate, recommendations with respect to the program.

Apparently this was the predecessor of the New Look policy. Apparently proponents of the compromise were able to persuade the President of the United States, who had indicated previously his personal support for a program to build 35,000 public housing units, to retreat from that position and to accept the compromise.

Well—Administrator Cole has reported to the Appropriations Committee and he recommended a continuation of the public housing program by constructing 140,000 units over a 4-year period on an annual basis of 35,000 units. This is what he said:

It has become a national objective to make it possible for all American families to have good homes in good neighborhoods and that a vital part of reaching that objective is a broader, more integrated attack on the whole problem of urban blight and the processes of slum formation, with the Federal Government providing encouragement and financial assistance, but with the main burden resting as it must rest on local governments and private enterprise.

That is a very fine objective. That same objective was expressed once before in the Housing Act of 1949 wherein it was stated that every American family is entitled to good housing in a decent neighborhood in which to raise their children.

How many times does this Congress have to declare its adherence to such an objective before it takes action to achieve that objective? How long can we delay our attack on the problem of urban decay before the consequences of the delay become so far reaching as to be irreparable?

And yet what did the Appropriations Committee do? When it began our hearings this year it found that there still remained approximately 33,000 units under firm contract. The lingering death to which it had committed the program last year was continued through a provision which would permit construction of the remaining 33,000 units over a period of 2 years, 20,000 this year and 13,000 next year. Even that provision was stricken from the bill on a point of order earlier this week.

That is what Cole said further:

Your committee—

The Appropriations Committee—

has had very serious misgivings about the low-rent public housing program both as to its basic merits and as to its administration.

Speaking first to the merits, let me say this: If I could believe that there is a fair and feasible way to terminate the present program now, as to new construction, I would recommend it to the President and to you. I have not found it. Although I hesitate to speak for the whole membership of the Advisory Committee, I think it is fair to say that they began their work with a predisposition, perhaps a hope, that the low-rent program could be ended. Again, I think it is fair to say that the Advisory Committee recommended its continuation, not because they were or are promoters of public housing, but because they were honestly convinced that for at least the next few years it is a necessary program. They could not, in all honesty, conclude that they were prepared to offer workable proposals which would reasonably seem to make it unnecessary.

The basic problem can be stated very simply. Everyone—literally, I think, everyone—agrees that it has become a national necessity to do something about clearing out existing slums and stopping the formation of new slums. It makes no difference whether the question is approached from the point of view of human considerations, cold economics, practical politics, or any combination of these, the answer is the same. But in order to do what must be done, families must be moved out of slums and out of overcrowded and declining neighborhoods. Some, indeed many, of these families have

very low incomes. We believe we can go a considerable way toward enabling private enterprise to meet the problems of families of lower income than is the case now. We propose to do that. But these steps, while they will shrink the problem, will not make it disappear.

So we come back, it seems to me, to the conclusion that for the time being, if we are to have a workable, across-the-board attack on urban slums and blight, we must continue a moderate program of federally supported low-rent public housing. I do not mean indefinitely. Successful experience with the new programs recommended by the President will, I believe, reduce greatly the problem we confront. Beyond that, I not only hope but believe that a better method of meeting the needs of the lowest families can and will be found. I do not propose to drop the exploration of such methods.

It is obvious that the Administrator had a struggle to come to the conclusion that he did. If there were any possible way in which he could have recommended abandonment of the public housing program he would have done so. Yet he was honest enough to come before the committee and to state that he had engaged in a very comprehensive study of the housing needs of the country, and that based upon his study he recommended the continuation of the public housing program.

The Administrator was not the only one. In December 1953 the President's Advisory Committee on Government Housing Policies and Programs issued its report. It, too, recommended that the public housing program be continued. These are hardheaded businessmen who make this recommendation—not the so-called do-gooders whom some have associated with programs of this type in the past. Twenty-two people including executives of savings and loan associations, life-insurance companies, the National Association of Home Builders, trust companies, title-guaranty companies, savings banks, architects, and there were 2 members from labor unions and 1 from a housing authority—and of all of these there was only 1 dissent from the conclusion that remedial measures to protect the cities from further housing deterioration required public housing as one part of the necessary program.

I urge you not to have a closed mind on this subject, to look at facts, to appraise the necessity for taking immediate action, and if necessary, to change your mind just as many have already done with respect to this program. Let me show you what happened in the city of Chicago. I have in my hand a document entitled "The Housing Action Report of 1954 Addressed to Mayor Martin H. Kennelly by the Citizens Committee To Fight Slums." And Mr. Chairman, whom do we find on this committee? Listen to these names? Gen. Robert Wood, chairman of Sears, Roebuck & Co.; Graham Aldis, past president of the Chicago Real Estate Board; Laird Bell, trustee of the University of Chicago and chairman of the Weyerhaeuser Lumber Co.; Carl Birdsall, president of the Continental Illinois National Bank & Trust Co.; James P. Carey, Jr., past president of the Chicago Bar Association; Charles X. Clancy, of the Cook County Council of Insurance Savings Associations; Wil-

lis Gale, chairman of the Commonwealth Edison Co.; Rev. Daniel Cantwell, president of the Housing Conference of Chicago; Mrs. Walter Berner, vice president of the Illinois Congress of Parents and Teachers; Porter M. Jarvis, executive vice president of Swift & Co.; William V. Kahler, president of the Illinois Bell Telephone Co.; John Womer, of the Chicago Mortgage Bankers' Association; Robert Taylor, general manager and secretary of the Illinois Federal Savings & Loan Association. These are people who are now on the mayor's committee to fight slums, whom you would expect to be opposed to what some Members condemn as socialistic housing as though neat opprobrium might by itself eradicate the need for it. This is what the report says:

The Citizens Committee To Fight Slums was formed in July 1953 as a result of growing concern on the part of the public with slum conditions in the city and an apparent breakdown in the enforcement of the minimum standards for health and safety of housing provided by local ordinances. Its membership was recruited from business, labor, professional, and civic leaders representing a wide divergency of viewpoint and interest. The objective of the committee was to make an overall appraisal of Chicago's housing situation and offer constructive recommendations for further action in this field.

In 1947 a similar group, the mayor's housing action committee, developed a program that became the basis of the city's subsequent policy. Since that time there has been no comprehensive review of the city's needs in the light of changed conditions and the experience gained. At the time of its formation, the mayor indicated that the executive committee of the citizens committee to fight slums would be considered as his citizens' advisory body in the housing field. During the past 7 months the committee has endeavored, through eight subcommittees, to investigate the major aspects of Chicago's housing problem with a view toward developing information and recommendations which would constitute a comprehensive and realistic approach to the prevention of the further growth of slums and the elimination of blight. The recommendations which follow represent either the unanimous or the largely preponderant viewpoint of the committee members. Each member does not necessarily agree fully with each recommendation, nor was this to be expected in a subject so controversial.

This is what the report also says:

The housing problem is a foremost challenge to our civic leadership and probably the most difficult problem faced by our local government today. Its solution will require a far greater recognition on the part of both public officials and the citizenry as a whole of its scope, gravity, and the results of inadequate action. Chicago's press has already taken the lead in highlighting the need for bold leadership and corrective action. The long-range cost of inaction will far exceed the cost of determined constructive action, great as that may be.

Slums have consequences that extend far beyond their physical boundaries. Their social costs in terms of crime, delinquency, and disease are so well known as to require no further recital. The economic costs of slums are just as serious and perhaps even more dangerous to the continued prosperity of the city. Slums are parasitic growths that devour tax expenditures and city services, yet produce but meager amounts of tax revenue. Chicago's 23 square miles of blighted areas and its 56 square miles of threatened middle-

aged residential neighborhoods represent an actual and potential drain on our tax base which, if uncorrected, could extend far beyond the ability of the rest of the city to bear. The fight against slums thus becomes not only a fight to keep Chicago an attractive and desirable place in which to live but a fight for civic and economic solvency as well.

This is one of the committee's recommendations:

Residential redevelopment which follows slum clearance replaces slum dwellings with standard construction, and thus increases the supply of standard housing, even though the total number of housing units may be decreased. As some 16,000 local families must be relocated before redevelopment sites now approved can be cleared, and as private capital is not presently furnishing a full solution to this problem, it is evident that some public housing will continue to be required. If we wish to see the successful completion of such public improvements as are represented by 3 land-clearance commission projects, the Congress and Northwest Superhighways, the Chicago Medical Center, 2 Chicago Dwellings Association rental projects, and the pending programs of the Chicago Park District, Illinois Institute of Technology and Michael Reese Hospital, there seems to be no feasible present alternative to some additional publicly aided relocation housing. It does not appear to the committee that the ultimate aggregate supply of publicly aided housing in Chicago should ever represent more than a very small percentage of the whole housing supply. Currently the Chicago Housing Authority operates only about 10,400 housing units in Chicago, with a slightly fewer number of additional units under construction or in the design stage. This compares with an estimated total number of living units of 1,200,000 in Chicago. Hence the committee recommends that—

5. The city administration should continue to seek allocations to Chicago of relocation public housing, as a necessary means of increasing the available supply of standard housing available to families which qualify and which cannot otherwise be accommodated.

The committee concludes with this statement:

After 3 months of intensive study, the President's Advisory Committee on Government Housing Policies and Programs handed its report to President Eisenhower on December 15, 1953. If the President and Congress adopt this advisory committee report, or a major portion of it, the realization of the objectives of the Chicago Housing Action Report of 1954 will be much easier of accomplishment. * * * The committee therefore urges that the mayor, his housing and redevelopment coordinator and the leaders of the city council promptly urge support of such legislation by all Illinois Congressmen, while analyzing the points of greatest benefit to Chicago so that it may obtain maximum aid under the broad new program.

In February President Eisenhower recommended the adoption of the public-housing program in his message to Congress. He called for construction of 140,000 units over a 4-year period and when I offered the amendment in the Appropriations Committee which incorporated his program, it was defeated by a vote of 26 to 10, with only 2 members of the President's own party voting for it.

As a Democrat, I would have preferred to see a larger program—the program envisioned and authorized by the Housing Act of 1949, because this is war-

ranted by the rapidity with which the blighted areas are increasing. The President's program, as Mr. Cole has stated, is only a minimum and yet apparently his own party refuses to accept that minimum.

I think it would be well to point out, too, that there can be no question but that the President has taken this position.

Last year when I dared to argue that the program for the construction of 35,000 units had the approval of the Eisenhower administration, the majority leader, Mr. HALLECK, stated that the Eisenhower administration was taking no position with respect to this program. At that time I wondered why Mr. Cole had been apparently excommunicated from the Eisenhower family because he certainly told us that his program had the President's approval. Lest there be any misunderstanding this year, however, let me say that I interrogated Mr. Cole closely on this point and asked him specifically to state whether he had the President's approval. He replied that he had—that he had taken the matter up with the President personally and that his recommendation was the one that was being submitted.

Mr. Chairman, this is a matter of vital urgency. Apart from the question of the amount of crime that is centered in slum areas, the amount of sickness, the amount of human degradation, the facts shows that slums and the blighted areas are sucking out the wealth of the cities. Good properties are being compelled more and more to bear a disproportionate portion of the burden of local taxation because the services that a city must provide must go on. These have to be paid for and most cities use property taxation as the basis for obtaining revenue. With spreading blight, with increasing slum areas, there is a reduction in the number of good properties and these bear an ever increasing valuation and tax. And Mr. Cole stated that in his judgment it would be harmful if we did not attack the problem at once, but continued to delay and delay as we have done in the past.

We must take action now.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from New York.

Mr. DORN of New York. I want to say to the gentleman that I heartily congratulate him on his continuous support of public housing and I want to state definitely that I shall go along with him in support of public housing. I am supporting the 35,000 new housing units as recommended in President Eisenhower's program. We have voted assistance to farmers in the care of their livestock. It is much more important that human beings receive assistance for adequate housing.

(By unanimous consent, the time allotted Mr. DORN of New York was given to Mr. JAVITS.)

Mr. JAVITS. Mr. Chairman, I think only a few more points need to be made.

The fundamental difference between the gentleman from Texas and people like myself is that I believe that the direct road to statism is when the government ceases to be responsive to such of the needs of its people that only it can help to fill, and many governments have fallen exactly upon that ground. This is a fundamental proposition which he and I shall possibly never agree upon, but I am just as sincere about it as he is. I feel I am at least as devoted a friend of public enterprise when I seek to make the Government recognize those problems in which it must help if it is going to continue to be responsible for a fundamental private-initiative society.

I think we have a very practical problem here. There is an amendment offered by the gentleman from Kentucky [Mr. SPENCE] to authorize 140,000 Federal public-housing units in 4 years, which is the President's program, which I am for. It is the President's program and the President said—and let us make no mistake about it—that after examining all the alternatives we need a 4-year program of 35,000 units a year if we are going to do a job on housing throughout the country; not just public housing—a balanced housing program. We have a very strong factual basis for that because there are over 124,000 units in a preliminary loan-contract status alone, which means that these projects are actually, indeed, being worked on in many, many cities, in addition to applications for 500,000 units from 1,100 units when the books were closed; hence, if you are going to go through with a balanced housing program, you will have to at least take care of the contracts upon which we have already put up money and which have already reached the advanced stage of planning and development. So the President's program is absolutely right. I am for it and I think the House ought to be for it.

I ask you, though, to bear this in mind: Do not fall between two stools here. The only way that this program is going to get enacted at all is through bipartisan support. There are not enough people on the Republican side and there are not enough people on the Democratic side to carry this program here. The way this vote is set up, we will have an opportunity to vote on the President's program first. I know that all people who are trying very hard to back the President in what he is trying to do will support this amendment of the gentleman from Kentucky [Mr. SPENCE]. But should it fail, I do believe that those who are for a public-housing program on the Democratic side should not then fall into the trap of being partisan on that just because the Widnall amendment comes from the other side. If we all cannot get what we want, we should not be dogs in the manger because then we are very likely to get nothing.

That is the most important thing I have to say to you and everybody knows I say it with deepest sincerity as one who is for this program, and has been since I first came to Congress in 1947, out of deep conviction, and also as one

who knows something about what is going on on both sides of the aisle on this subject.

Now, one other thing to my Republican friends. The President has given us a program. The party wants to run on that program. Many will be asked to cast votes we do not like in aid of a complete program. The country says the program is moderate; the people are moderate. Why is it moderate? Because it is a program the conservatives want? Of course not. Because it is a program the liberals want? Of course not. It is moderate because it is an admixture of both liberal and conservative thinking. There is no question about that. But, it is just that it has a liberal ingredient which makes the President's program moderate.

Mr. SMITH of Virginia. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. SMITH of Virginia moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. SMITH of Virginia. Mr. Chairman, I elect to use my other 2 minutes at the same time.

The CHAIRMAN. The gentleman is recognized for 7 minutes.

Mr. SMITH of Virginia. Mr. Chairman, I have offered this motion to strike the enacting clause because I earnestly believe that this is the most important vote of this session of Congress in the principle that is involved. I do not want to engage in any recriminations, and I believe in all of the things that my good friend, the gentleman from Texas [Mr. DIES] has said to you this afternoon. And, he said them to you so much better than I can that I am not going to be repetitious. But, I do think that you have got such a great and important principle here that it is better to strike out the enacting clause of this bill and enact nothing than to repudiate the solemn action of this same Congress, this same membership, a year ago, in which you repudiated public housing and repealed it.

Now, do not think that this is not putting you back into the field of public housing. Some may regard this as a minor lapse from virtue, as was expressed, but it is not, because last year you repealed public housing. If you adopt either one of these pending amendments, you restore public housing, and do not think that when you once restore it that you are going to be able to shed the garment again. Once you yield to it, you have the project back here currently on your hands, and I want that clearly understood.

Now, you understand from the other day, when the point of order was knocked out, that if there are, as it is claimed, 35,000 units that have been authorized before we repealed the law, that then that 35,000 is plus this 35,000 that is proposed today, so that it would be possible to build 70,000 of these houses this year.

I expect to see one of these amendments prevail. I do not think that we conservatives in the House can overcome the forces who are for socialized public housing, so that you are now setting out

on a new program of public housing and, believe me, it is going to be a permanent program.

All this debate on this subject has been hurled around the question that we have got to do something to help slum clearance. Well, I do not want anybody to be under any misapprehension about slum clearance. This is distinctly separate from slum clearance. Slum clearance is provided for in the appropriation. It is provided for more liberally than it has ever been provided for before in the appropriation that just passed the House this week. So, do not let anybody fool you, when you vote for this hybrid animal here that comes from both sides of the aisle, into thinking that you are just voting for slum clearance. You are voting for the same old socialistic housing that you denounced so vociferously just 1 year ago and which you defeated with only 23 votes on the Republican side voting for it. With a total vote of the House on a rollover, public housing, just last year, was defeated and repealed; and the vote was nearly 2 to 1.

Now, you are up against the plain, serious question—and it is just a simple question—are you going to have public housing with all its socialized monstrosities, or are you not? The way you vote on this is going to determine that question today and it is going to determine it not for just 1 year.

My friend from Mississippi has introduced an amendment to give these houses to these people as they are built instead of renting them to them. I am in favor of that amendment because I have always joined up with my friends on the Republican side in voting for economy. You know my record. I have helped you out a good deal on your economy measures. The amendment of the gentleman from Mississippi [Mr. COLMER] is an economy measure. The reason it is an economy measure is, if you give everybody a house as it is built and make him take a deed in fee simple for it, and if he will not take a deed, make him get out, then you will save the subsidy. The subsidy under this full program, under the authorization—it is shown in the bill itself; I have looked it up—is \$363 million per year. It lasts for 40 years. So it will cost the taxpayers of the United States \$14,520,000,000.

Now, if you are going to do this, is it worthwhile to save \$14 billion of the taxpayers' money, because that is what the Colmer amendment does. Nobody can dispute it. It is as simple as the nose on your face, because you are just giving away \$14 billion to subsidize the rent of certain people. In other words, for 40 years, under this program, you are going to rob taxpayer Peter to pay the house rent of Paul. That is what you are going to do, and do not make any mistake about it.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Iowa.

Mr. GROSS. That is the reason why it is not public housing. That is just a euphonious, high-sounded phrase.

Mr. SMITH of Virginia. It will furnish a house only to 1 out of 10 people

who are demanding a house. To talk about having to build a \$14,000 house, under public housing, in order to give a fellow a place to live while they are clearing up some slum, is just about as ridiculous as all the rest of the program. The whole program is ridiculous. As it has been described, it is monstrous, it is socialistic, it is uneconomical, it is purely political, and it is just about everything evil that it can be called. Merely by yielding in a minor way one time, if you provide for 35,000 houses, it will still be socialism and just as bad as if you build 350,000.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, this motion, as I understand it, is to strike out the enacting clause which, of course, would have the effect of defeating the bill in its entirety.

Public housing is only one, although an important part, but a relatively small part of this bill. I said in opening the debate, and let me repeat it, that this bill contains 99 percent of the President's program. The Advisory Committee which the President set up worked for months developing a program which was generally acceptable to the President. He embraced it largely as his program.

The House Committee on Banking and Currency for 3 weeks sat and listened to testimony. In addition 1 whole week was devoted to executive sessions in which we read every word of the bill, paragraph by paragraph, and much of it was read by title and then by paragraphs, so it was read over twice.

Without prejudice to anyone who might offer an amendment on the floor or support an amendment, when we finished it at 10 o'clock a week ago tonight it was a unanimous report, reserving to the Members the right to offer and support any amendments on the floor.

Do we want to wholly ignore the potentialities under this bill? It has been explained that we can refer to this as a 2-million-unit bill; that under it 1,400,000 new units can be built each year, and under it, because of the provisions in respect to the rehabilitation and modernization of old homes, it is estimated that another 600,000 or 700,000 can be reconditioned.

I believe this House wants to do its will and will do its will the same as we have on much other legislation in amending it so that it will be in compliance with our collective wish, and that does not necessarily mean that we have to destroy the whole bill if we are against certain provisions. We have all been here long enough to know that all legislation is a matter of compromise. That is why we have these debates, why we come in here as we have today under the 5-minute rule and offer amendments and debate them, trying to perfect the bill and get it as close to our own idea of things as we can, without, however, the thought that we are going to oppose the whole bill in its entirety merely because we happen to fail to get our wishes realized in one relatively minor particular.

There are a very few provisions of the bill about which I am not enthusiastic. I have been convinced, however, that the

bill, generally speaking, will do a better job than has ever been done for home owners and home buyers in this country. It is a bill under which small-income people can for the first time acquire decent and respectable homes and have those homes financed. I think it would be a grave mistake, a mistake which we would rue in the future, if we were to strike out the enacting clause as the gentleman's motion would provide.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Virginia [Mr. SMITH].

The motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. KEAN].

(Mr. KEAN asked and was given permission to revise and extend his remarks.)

Mr. KEAN. Mr. Chairman, I rise to support the amendment of the gentleman from New Jersey. It has always been my philosophy that the Federal Government should never enter into a field where private industry can do a job properly. But experience has shown and I am completely convinced that with present high building costs it is impossible for private industry to provide decent housing for the low-income group.

I have not the slightest criticism of the building industry for their failure to provide such housing. Circumstances are such that they just cannot do it.

So if we are going to clean up the slums, if we are going to provide a decent environment for our youth to grow up to be the good citizens which we hope they will be, Government must aid in some way.

Of course, it is true that 35,000 new starts annually only scratches the surface in areas such as that which I represent. However, some decent housing for those who formerly lived in overcrowded, substandard firetraps, does help improve the whole area in which the slums are situated and encourages others to eliminate the bad conditions existing in the neighborhood.

Statements have been made here on the floor that in certain areas there are vacancies in Government housing. This certainly is not the case in Newark, N. J. There, in a 5-month period ending last summer, 2 new housing projects, one of 630 family units and the other of 730 family units, were immediately completely filled.

A project in the course of construction there, NJ 2-12, the Reverend Hayes Homes, will provide additional units for 1,458 families. These family units are being filled as fast as the contractor gives the buildings to the Newark Housing Authority. To date, 673 units are completed and filled. An additional 785 units are under construction to complete the total of 1,458.

Now, at present, the Newark Housing Authority has 14,000 applicants for housing who have still not been placed. The Authority estimates that there are an additional 1,000 people who would be eligible for housing from figures on planned redevelopment and slum clearance submitted by the board of health. That means, less the 785 units which are under construction, approximately 14,-

215 still will remain on the backlog in Newark.

Of the 14,000 applicants, 4,000 have been determined to be eligible. Of the remaining 10,000, experience shows that about 90 percent will be found eligible. This is one reason why we need all the units which can be built.

The President's Committee on Government Housing says:

We are convinced that the program of public housing contained in the Housing Act of 1949 should be continued.

The President has recommended this public housing. It is part of the Republican program and I wholeheartedly support this amendment.

(Mr. MULTER asked and was given permission to extend his remarks at this point.)

PUBLIC HOUSING

Mr. MULTER. Mr. Chairman, I rise in support of the Spence amendment to enact into law the President's program for 35,000 units of public housing for each of the next 4 years.

It is appropriate to call attention at this time to the fact that the Republicans to a man, on both the Appropriations Committee and the Banking and Currency Committee, voted against even one more unit.

The distinguished gentleman from Illinois [Mr. YATES] offered an amendment before the Appropriations Committee to enact the President's program and was blocked there.

I did the same in the Banking and Currency Committee on this housing bill that will produce little housing. My amendment was defeated.

In the early part of the debate on this bill, the Republicans in large numbers were urging that no more public housing was needed.

The most vigorous opponent of public housing, while in Congress, was the Honorable Albert M. Cole, now the Housing Administrator. He was also Chairman of the President's Advisory Committee on Housing. He testified before our committee that his and their investigations conclusively established the need for the President's program.

Our Republican friends may squirm and apologize ad infinitum, but the fact remains that the President's program can be enacted only if you adopt the Spence amendment.

In 1937 we enacted the first law calling for public housing. At that time our distinguished chairman of the Banking and Currency Committee said:

I believe the need for decent, respectable, and sanitary homes for the underprivileged of this Nation has been proven beyond any peradventure of a doubt. * * * I believe that a trip through the slum areas of any of our large cities demonstrates the need for demolition of such areas and the construction of safe and sanitary dwellings to replace them.

What was said then is even more true today. Of the 810,000 units originally authorized only 425,000 have been built or authorized.

In a country of about 38 million families, with 16 percent in need of this public housing, that is indeed a minimum program.

I would have supported a request for more than the 140,000 units called for by this amendment.

We can do with no less.

(By unanimous consent, the time allotted to Mr. MULTER was given to Mr. BOLLING.)

Mr. BOLLING. Mr. Chairman, I have asked for this time not to laugh at those Republicans who, I hope, will follow their President and their majority leader in voting for the 35,000 units of public housing. I see no reason to laugh at them, if they learn from the facts, and I hope they have, as the President has done and as the Commission has done. They have come to recognize, I hope, that it is essential, if there is to be an effective slum-clearance program, that there be some public housing. I frankly believe that the Commission is very wrong in many, many ways. I think this is an extraordinarily poor bill, but I think it will be a much better bill with the 35,000 units of public housing in it than it will be without it. I have asked for this time primarily because the chairman of the committee, for whom I have very great respect as to his capacity, his skill, and his intelligence, made a most extraordinary statement in his most recent statement on the floor. He said, if I heard him correctly—and I hope someone will call him into the Chamber, because I think this should be corrected—he said it was expected this bill would produce 1,400,000 units of new housing and that he further expected at least 500,000 or 600,000 additional units to become available through rehabilitation. I would like very much to find out what basis there is for such a statement. The Housing and Home Financing Administrator, Mr. Cole, in answer to my questions, made it clear that the goal of this bill, although he would not call it a goal, was roughly a million units, and in addition said—admitted—that the need of the country for housing was well in excess of a million, and the capacity of the home-building industry was well in excess of a million. I wonder—and I would like to know from the chairman, if possible—what responsible official of the administration has given us any estimate or any hope that from this program we will get the 2 million units that we need. I agree that is approximately the number we need. I cannot understand why, as we approach the latter stages of the consideration of this bill, there should be statements which might confuse the entire membership of this body as to what the contents of this bill are. This bill is so bad, in my judgment, that anybody who is in favor of an effective housing program for low and lower middle-income people would be entirely justified in voting against this legislation unless additional public housing is put into the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I have a feeling of great humility, after serving on the Banking and Currency Committee and attending all the long and numerous meeting beginning in the early part of the month, being present until almost midnight when

finally the bill was reported out. I, being the only member of that committee from the metropolitan area of the great city of Chicago, and because of that circumstance in contact with the people in Chicago who are interested in public housing, I repeat, Mr. Chairman, I have a feeling of humility if not one of understanding that at this most critical time in the debate I am accorded 2 minutes. Thank God it is not necessary for me to explain to the people of Chicago where I stand on the question of giving shelter to those who have no roof to stand between them and their children and the cold and the rains and the storms.

I have always believed there should be in every city streets with both sides that are lighted. There should not be a street where on one side there are no lights and children go to bed in hunger; while on the other side there is lighting in such excess as to be blinding and there is so much in unrequired and unused plenty that the children there starve for the want of evaluations of the things that give real contentment and value to human life.

I have lived my life by that philosophy. I would not have lived by any other philosophy. I have had but one ambition in life, and that ambition was to go to the end of the span of my earthly existence unafraid to speak up for the underdog. I have never sought the smiles of publicized respectability. It is so easy to feel superior to other human beings who may not have been as fortunate. It is so easy to say that because some have succeeded in acquiring their own homes by industry and by prudence and an enjoyment of the breaks there is no excuse for the others. Well, Mr. Chairman, I cannot take that easy way out. I cannot satisfy my conscience by any reasoning that a God who has given an opportunity to me to speak in behalf of the least of His creatures expects me to be complacent and to remain silent.

Five years ago this month of April, Bob Taft had no warning that his days on earth were numbered. He was in the vigorous prime of an active life. He was speaking in the other body. It was the greatest speech in the life and career of one who carried the proud name of Mr. Republican. On April 21, 1949, he said:

I do not believe that anyone who has studied the question is opposed to public housing. * * * I think the real-estate people should realize there is no competition involved in public housing.

Mr. Chairman, let me proceed, not with my words, but with those of Bob Taft, the Mr. Republican with whom in many matters of national policy I disagreed, but who on this April day of 1949 was speaking words which will live as long as Americans chart their course by the impulses of warm hearts and the teachings of their respective religions:

The general theory of subsidizing low-income groups is not a new theory in Anglo-Saxon political life or Anglo-Saxon economic life. It is accepted in every State of the Union, and it does not involve any departure in principle from that which we have pursued during the 150 years of the life of the Republic.

Senator Taft continued:

I think all of us acknowledge the duty of the community to take care of those who are unable to take care of themselves. We do have an interest, I think, in providing equal opportunity for all the children of families who are brought into being in the United States. I believe that a Federal policy of welfare service is justified to the point of assisting the States to see that that job is well and systematically done, and that the field is properly covered.

Mr. Chairman, I have a great respect and an affectionate regard for the distinguished gentleman from Texas [Mr. DIES]. I know how big is his heart, as big indeed as his brain is brilliant. I am sure that his philosophy as applied to the subject we have under consideration today is a matter of geography and not of heart. If his years had been passed in the great throbbing cities of the North, with their problems of poverty in congested areas, I am very sure that the powers of his moving eloquence would have been on the other side of the argument. The gentlemen spoke of one who was in need of public housing because of his own frailties. Bob Taft looked above the frailties of parents. He bespoke the responsibility of you and of me and of all in our America to provide equal opportunity for all the children who are brought into being in the United States. I am sure that the gentleman from Texas, of whom I am so genuinely fond, would not deny an equal opportunity to any American child because of the carelessness or the follies or the lack of ability of those who were the parents.

I hope that on this day of April when Bob Taft is no longer among us, those in this Chamber who loved him and who followed him will listen to and heed the words he spoke on another April day. This is one matter on which Taft and Eisenhower and Roosevelt and Truman are as the four blocks of granite.

Mr. Chairman, in closing I wish to call attention to a statement made yesterday by the gentleman from New York [Mr. GWINN] and which appears on page 4130 of the CONGRESSIONAL RECORD of April 1, 1954. The gentleman gave the vacancy rates in public housing projects in various cities. For Chicago he listed 108 vacancies in 1,027 units.

John W. Edelman, chairman of the CIO subcommittee on housing legislation, telephoned me to report that he had checked upon the matter as regards Chicago. These are not vacancies in the sense that there are no people waiting to move in. Plenty of people want apartments. The problem is that there are not enough large apartments, with enough bedrooms, for families with many children. Many units are being converted into apartments with more bedrooms to accommodate large families, and the apartments are necessarily vacant during the period of conversion.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

The Chair will state the time has been fixed.

The Chair recognizes the gentleman from New Jersey [Mr. CANFIELD].

(Mr. CANFIELD asked and was given permission to revise and extend his remarks.)

Mr. CANFIELD. Mr. Chairman, I hope the House will approve not less than 70,000 public housing units for the next 2 years. The President has this week indicated he wants no less.

I subscribe to the philosophy that it means something to our United States to spend for public housing half of what we spend for wildlife restoration.

It has been argued this is a costly program. Let us consider that. It does cost, of course, but the actual cost this last year was \$40 million which is just 1 percent of what we are spending on foreign aid alone.

Are not the 1 million people living in public housing today worth the \$40 a year we are spending on each of them? The taxpayer making \$4,000 a year puts up 6 cents through income taxes to keep this program going.

Now, let us consider subsidies. We have many of them: mail service, \$300 million; highways, \$420 million; rivers and harbors, \$234 million; commercial aviation, \$115 million; reclamation and irrigation, \$169 million; school-lunch program, \$82 million; and \$67 million for 450,000 Indians.

It is a proven fact that slum and blighted districts, comprising about 20 percent of our metropolitan residential areas, account for 33 percent of our population, 45 percent of major crimes, 55 percent of juvenile delinquency, 60 percent of tuberculosis victims, 50 percent of arrests, 35 percent of fires, 45 percent of city service costs, and 6 percent of real estate tax revenues. And it is also a proven fact that public housing results in a reduction of all these bad items. It pays in terms of human health and happiness.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. WHEELER].

Mr. WHEELER. Mr. Chairman, contrary to the opinion held by some of my colleagues, I am capable of changing my mind. Since this housing matter came up to the House this year I have desperately sought for a logical basis on which to change my position.

I have reexamined the matter. I note—this is a year ago—the majority leader quoted in the RECORD as defining this program as being socialistic and expressing himself as being opposed to it. In view of that I have looked further. I have tried to find some logical reason for supporting this vicious socialistic program. The only reason that I have been given, the only excuse that has been proposed from the well of this House to anyone for changing his mind in less than a year is that the President has proposed it, he has endorsed it. He is a fine person, friendly, affable, and all that sort of thing. But am I to excuse myself to my grandchildren for having cast a vote in favor of this socialistic program by telling them that I was blinded by the brass in the White House, that simply because the President of the United States asked for it I subverted

my convictions and voted to impose this multibillion dollar socialistic program on generations yet unborn?

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. OLIVER P. BOLTON].

Mr. OLIVER P. BOLTON. Mr. Chairman, I have taken this time only to ask the committee certain questions regarding the Widnall amendment. As I listened to and read the amendment, it was my understanding that it provides for 35,000 units to be built in the fiscal year 1955, provided that the units to be built are included within an urban redevelopment plan. Is that correct?

Mr. WIDNALL. Urban redevelopment, urban renewal, or slum clearance.

Mr. OLIVER P. BOLTON. And may I ask further whether in this housing, which would be part of a slum-clearance or urban-redevelopment plan, unemployed people or people of the lowest income who live in slum areas could be taken into the housing provided for in this amendment?

Mr. WIDNALL. Yes; and I would like to say that this is an authorization actually for 1955 to be constructed in 1956. Some people seem to be under the misapprehension that it would provide for 70,000 units this calendar year. The program adopted during the past week provided for 35,000.

Mr. OLIVER P. BOLTON. I understand that, but I want to be clear on the point because it is my understanding that under the present law no public housing of the type that we are talking about, which is public housing, is treated as built primarily for people of the middle- and lower-middle-income groups, and that people under the law governing regular public-housing units of the lowest income or who are unemployed would not be able to be taken into this housing. I want to be clear on that.

Mr. WIDNALL. There is a limitation in my amendment that I do not believe is in the Spence amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. FISHER].

Mr. FISHER. Mr. Chairman, there is one thing that should be cleared up before we vote, and we are going to vote in just a minute: Let us be sure we know what is involved.

My good friend from Indiana [Mr. HALLECK] stated a few moments ago that you are not voting for or against public housing here today. He said you are voting on the question of when to terminate it.

With all due deference to my friend from Indiana that is not a correct statement of the facts.

Public housing terminated in Public Law 176 signed by the President on July 31, 1953. It is dead; it is gone; it is out; it is through.

The only public housing you have got, Mr. Chairman, is what is in the pipeline at the time that law was enacted. It is specific, it provides that thereafter, after that date, not one project can be authorized by the Public Housing Authority. It is dead. You are not voting on the question of termination; it was terminated last year. So the vote here at this time is on a new authorization. It

has been fully discussed. I suppose everybody has his mind made up whether he is going to vote for or against this matter of making the tenants in public houses wards of the Government or whether you want to encourage home ownership in this free-enterprise country of ours.

The issue is clear: Do you want to go on record today in favor of a brandnew public-housing program? No termination is involved here. Let us face up to the issue. It is not a question of termination; it is a question of revival of a program that was completely killed last summer.

But above everything else, you are not voting on the question of when you are going to terminate. It has already terminated. It was terminated last year. Read the RECORD. Read the conference report. Read the public law.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GREEN].

Mr. GREEN. Mr. Chairman, it is a little confusing to me today to see our good friends on the other side of the House divorce themselves from the good friends they used to have on my side of the House. When I first came to Congress in 1945 there was a beautiful marriage in this House between the Republicans and some of my good friends on the Democratic side. I think the House is entitled to know what has happened. There seems now to be a divorce taking place.

We are glad to welcome the Republicans over to our point of view because we have been strong supporters of public housing. I told some of my friends on the Democratic side that some day these Republicans would leave them. It is a rather funny situation. I did not support President Eisenhower for President of the United States, but I am supporting the public housing bill as I always have. The Members who supported President Eisenhower on my side of the House are not supporting him and his public housing program. He has recommended 35,000 units a year for 4 years. That is his recommendation. His recommendation is not the Widnall amendment. It is the amendment presented by the distinguished ranking minority member of the Committee on Banking and Currency, the gentleman from Kentucky [Mr. SPENCE].

I want to remind you that in the 80th Congress a lot of the Members on that side of the House were defeated because they sabotaged the public housing bill.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. As long as this divorce is taking place, I hope my friend from Indiana will get back into the marriage of this bill and support the amendment offered by the gentleman from Kentucky.

Mr. GREEN. I agree with the gentleman. I sincerely hope the Spence amendment carries and we can come out of here with a half decent housing bill.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. CHUDOFF].

Mr. CHUDOFF. Mr. Chairman, we in Philadelphia have greatly profited by the Federal Government's public-housing program. We are proud of our projects and the great redevelopment of slums in the city so that some people with low incomes now have decent places to live. The congressional delegation from Philadelphia, I am sure, is for public housing to the man.

A lot has been said during the past week concerning vacancies and the lack of necessity for public housing. I believe the following editorial which appeared in the Philadelphia Daily News on Friday, April 2, 1954, tells the Philadelphia story. I do not feel that any Member of Congress will contest the value of public housing, as far as Philadelphia is concerned.

GOOD HOUSING BREEDS VIRTUES

With Philadelphia's public-housing program reaching such a high state of accomplishment, the need for completion is vital to the entire community, not only because of the fact that new dwelling places are being created for low-wage-bracket families, but also because entire neighborhoods are being reconstructed and revived.

This is no time for Congress to pull the financial rug from under the Philadelphia Housing Authority's activities and the city's congressional delegation has a positive duty to make certain that, in spite of the recent manipulations by public-housing foes, legislation will be enacted to insure the continuation of the work here.

Last year was the biggest in the authority's 15-year history from the standpoint of construction, and at the year's end, \$48,950,000 total volume of construction was under way, building that must be completed. There was \$13,286,000 of new buildings started and \$17,381,000 worth of construction put in place.

During the last year, 1,776 families were placed in decent homes, 7,271 applications were filed, and more than 25,000 inquiries received by the authority. Five war housing developments were transferred to authority ownership by the Federal Government and 241 temporary veterans' dwellings were removed, exclusive of the 541 substandard dwellings razed on 3 sites.

The authority, of which P. Blair Lee is chairman and Walter E. Alessandrini is executive director, became one of Philadelphia's biggest taxpayers during the year with \$551,543 paid and accrued to the city and the school district. A special study has found that the authority will pay more than \$300,000 per year in lieu of taxes on 13 sites, or more than 3 times the amount paid by previous owners. These figures prove public housing in Philadelphia is a definite financial asset to the municipality.

Of the 4,509 new homes and apartments to be built on 11 approved sites, construction was started by last December 31 on 9 of the sites with 3,837 homes. Nearing completion are Wilson Park at 26th Street and Snyder Avenue and Raymond Rosen apartments at 22d and Diamond Streets.

A total of 672 homes will be started this year provided Congress follows the request of President Eisenhower for Federal funds to assist in this work, on which private enterprise in the construction field has benefited greatly.

From the social viewpoint, any cessation in this program would be a calamity for low-wage families unable to purchase homes or to rent those beyond their limited financial capacities. The right to a decent home is inherent in an American as a place in which to raise his family in healthful, comfortable circumstances. In the long run, the Nation and the world are the gainers

for, as Benjamin Disraeli, Britain's great Prime Minister, once said:

"The best security for civilization is the dwelling, and upon proper and becoming dwellings depends more than anything else the improvement of mankind. Such dwellings are the nurseries of all domestic virtues, and without a becoming home the exercise of those virtues is impossible."

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. SIEMINSKI].

Mr. SIEMINSKI. Mr. Chairman, the fact that Christopher Columbus was sent back in chains did not prove there was no America.

The fact that labels are leveled to castigate people does not change their needs, needs for adequate housing, especially when private enterprise provides none within their ability to pay.

There are some who would defeat this measure on the grounds that it diminishes self-respect, causes decay. Others would hold this measure challenges our profit system, and must thus give way.

Is self-respect lost because we, as Members of Congress, pay no rent for office space? Has the President lost self-respect for occupying the White House free? Is our profit system furthered or destroyed by public schools, public roads, the post office, or the armed services?

What is the measuring rod in all this? At what point does private enterprise become public? By what standard?

With a mind free of the stigma of labels like those pasted on some here this afternoon, many god and proud people use our Government, like the servant it is meant to be, to help promote private profit.

Often, when our markets are flooded and our industries threatened, Congress is called upon to raise tariffs.

When a family with limited income or inadequate earnings calls upon the Congress for adequate shelter, is its plea to be denied, especially when private enterprise is disinterested?

When exports shrivel and manufacturers groan, the Export-Import Bank readily accommodates offshore customers with needed dollars.

In other fields, when still other needs arise, many quite distinguished and self-respecting people unblushingly call into play the resources of the International Monetary Fund, the World Bank for Reconstruction and Development, the Bank for International Settlements, the European Payments Union, each of which, in some measure, serves the convenience and profit of its user.

Is the user of a public housing unit void of self-respect? Is he a drain on the economy? the community? or the industry in which he is employed? Is that what those who would defeat this measure mean to say? In the late 1920's the Congress was like-minded about our soldiers.

We had the depression army then. There wasn't going to be any more wars. ROTC trainees had to thumb their way home from camp because the Congress cut off their funds. The soldier was a bum in uniform who couldn't get a job. How times have changed.

Must we call on Circe to wave her wand for humans to be turned to swine or cattle for them to qualify for needed public funds?

Last year, Congress responded magnificently with funds to beef up cattle in the grievously drought-stricken Southwest. Do emergencies for people exist only in wars and the threat of wars? And not in peaceful pursuits?

Is the profit system challenged only by a lack of honesty and self-respect? What of conditions over which some people and areas have no control, or do deeper causes assault our stand?

One would think by the way the lash of labels snaps and crackles over the heads of little people that they and we, their supporters, are in total blame, and not the conditions they and we try to surmount, if only in some small measure.

People, people. How easy it is to whip them, dog them, frighten and threaten them, and charge them with all sorts of names and failings. Some say Abraham Lincoln was great not because he was born in a log cabin, but because he had the hardihood to leave one. Should temporarily obsolete cities pull up stakes and go west? What then of our shorelines, of our ports?

Is the New York Port Authority the only authority to be blessed by the Congress because it rides herd for profit? Cannot the housing authority ride herd for people so that they, too, might profit by good shelter? What is the delineation between acceptable and unacceptable authorities? Profit for investment houses and tax-free holders and floaters of bonds?

If the sensibilities of people are of no account, Mr. Speaker, there would never be revolutions nor would there be talk of outlawing the isms, political, economic, social, strategic, or tactical, behind which man in his long trek from cold caves to cold wars has taken refuge. The conditions of man are often thrust on him by inheritance, society, or history.

Three forces, Mr. Chairman, within the last 100 years, appear to me to merit as much castigation as is given here to the lack of self-respect of those who promote or use public housing.

Each of these forces have shed their share of misery and wretchedness over the years. Every able-bodied man and woman has had to overcome conditions levied in the wake of these forces. They are, militarism, industrialism, and economic nationalism or sectionalism.

About 100 years ago, here, in the United States, economic sectionalism pitted North against South in one of the bloodiest, costliest, and saddest of man's wars.

Am I to understand from the gentlemen of the South, and Southwest, and others who might oppose this housing measure, that it was right for the North to give no aid through Federal funds to help feed, and clothe, and house, and rebuild the great Southland and its people? That attitude has kept alive sentiments against "Damn Yankeeism," has it not? Have we not learned by this? Is there a person in this Chamber who would today vote to sweat out the South as it was sweated out? I think not, Mr.

Chairman, there is no gain in the sweat-out, only hatred and smouldering embers.

Even now, there are some who, while they favor Federal funds to promote TVA, hesitate to reciprocate with Federal funds to help shelter the needy in the great consumer markets.

And out in the Far West, there are some who though their lands have become arable and their homes lighted and their factories and machines driven by water and power developed with Federal funds oppose the use of Federal funds for the needy in great cities and along great waterways. Self-respect is the cry. My goodness.

Look at the public debt. Over \$275 billion. What percentage of this did public housing run up? What percentage of it did militarism, industrialism, and economic nationalism contribute?

Look at our gross national product. Over \$300 billion. In 10 years it is estimated it will be well over \$500 billion.

To what extent did charges of inefficiency in the administration of the Housing Authority slow down our gross national product or contribute to our debt?

People, people, little people, frighten them, threaten them, wave the flag. Hide a condition that needs attention. It is all in the game. The game of hurrah for me and the dickens with you. It is a great show, Mr. Chairman, great show.

In 1941, selective service was saved by one vote on the brink of a national disaster. I trust that in 1954 the Congress will vote the full housing provisions asked by the President. Private lives can be in crises in peace as in war. This measure will boost our economy. Profit our people. It should pass.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. HAND].

Mr. HAND. Mr. Chairman, reference was made awhile ago, as it has been made frequently during the course of this debate, to the late Senator Taft. The last time that I saw Senator Taft before he was stricken was at a public-housing conference here in the city of Washington. There he made that sound and reasoned speech for which he was always noted; that speech from the heart, and that honest speech, in favor of a moderate program of public housing.

Now, I am a conservative Republican, or at least I like to think so. My liberal friends call me a conservative. I do not represent a big-city district. The largest city in my area does not exceed 75,000; and yet I am 1 of those 23 to which reference has been made who has always supported public housing, and thus I am not under the very clever whiplash recently applied by our friend, the gentleman from Texas [Mr. DIES]. And I enjoyed his speech. As a conservative Republican, I am not in the least ashamed or afraid to follow the leadership of the late Senator Taft and the leadership of President Eisenhower, and therefore I shall support the Widnall amendment to insert a public-housing program.

When these charges of socialism are rather carelessly hurled around the

House, I do not see how you can distinguish between a program of this character, and the program where we pay artificially high prices for cotton that we do not need, which is raised in the district of my good friend from Mississippi [Mr. COLMER], in order to maintain the prosperity of his people.

There seems to be no objection to direct Government intervention, and cash from the Treasury, to support the growers of cotton and peanuts; but the beneficiaries of this program violently protest any help from Government for the housing needs of our low-income group in, for example, Atlantic City.

Let us be just a little consistent.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Mississippi [Mr. COLMER] to the Spence substitute.

Mr. COLMER. Mr. Chairman, I ask unanimous consent, under the circumstances, that my amendment may be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Kentucky [Mr. SPENCE].

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 64, noes 180.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WIDNALL].

The question was taken; and on a division (demanded by Mr. WIDNALL) there were—ayes 89, noes 138.

Mr. HALLECK. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WIDNALL and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 72, noes 164.

So the amendment was rejected.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all Members may extend their remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. PHILBIN. Mr. Chairman, I will not presume to analyze this bill in full detail since it covers a very broad field and it has been exhaustively and ably debated.

The general objective of improving the housing facilities of the Nation I strongly support. We have spent billions for bettering the living, social, and economic standards of millions of peoples overseas. Much of these funds have been beneficial, much more have not been constructively dispensed. Concrete results appear in some cases; little but cynical envy and hatred and ingratitude in others.

Within the shadow of this Capitol there are unsightly and unhealthy housing units that should be razed and

replaced with modern facilities. In many urban centers throughout the Nation there are similar conditions which should be alleviated. There should be no slums in America. There should be no unclean, unsanitary, disease-ridden housing in this Nation. To eliminate these social evils, these breeders of delinquency, immorality, crime, and disease constitutes one of the greatest challenges to this Congress. Low-cost housing—modern, clean, adequate, wholesome in surroundings, is a great social need. It must be met.

I have always felt that in every possible instance Americans should own their own homes. Every encouragement and assistance toward that end must be extended, and the various sections of the Nation—urban, smaller towns and farm districts must all be embraced in any properly integrated plan.

Such a program should provide fullest and special consideration for veterans. It should insure reasonable interest rates. It should be adopted not only to the peculiar needs, but to the incomes, of the veterans, workers, farmers, and others who desire housing. It should protect the new owners against defective construction, fraud, and overreaching. It should set up and maintain a proper mechanism for fairly handling mortgages. It should facilitate widespread home ownership of solid, substantial, durable houses. It should discourage the building of cheap, makeshift, cramped-quarter shacks palmed off sometimes on the unsuspecting at times as houses by sharpsters, shysters, and rogues.

A well-rounded housing program will stimulate private enterprise and initiative. It will provide jobs for millions of Americans. It will bring prosperity to many lines of business. If Congress provides the proper climate and encouragement, our great business system will do the rest.

With full awareness of our social needs and orientation, with careful prudent planning, and with a courageous outlook, we can easily bring to early fulfillment the great ideal—a decent home and a fair chance for every American.

Mr. GARMATZ. Mr. Chairman, for several years Baltimore has enjoyed the reputation of being in the forefront of housing progress throughout the country. The city's integrated attack on the problem with public housing, redevelopment and law enforcement, is well organized and has many achievements to its credit. Each of the programs depends upon the other to achieve its greatest usefulness.

Failure of the House to approve new units of public housing for the next few years will seriously jeopardize the housing activities in Baltimore, and, I am sure, in many other areas.

It has been estimated that the slums in Baltimore are costing about \$14 million a year in excess of the revenue they produce, and that more than one-third of the city's population lives in these areas.

The city is working hard to clean up the approximately 55,000 homes in the slum areas not suitable for decent living, but to do this, it must have assist-

ance from the Government in the form of public-housing units.

In this connection I would like to call attention to a statement on the current housing situation in Baltimore, which was prepared by the Baltimore Industrial Union Council, largely from data issued by the Baltimore Housing Authority, and which I would like to insert in the RECORD at this point:

BALTIMORE, MD., REPORT ON HOUSING

(Submitted by Michael J. Brockmeyer, executive secretary, Baltimore Industrial Union Council, CIO)

The Baltimore Industrial Union Council, having evaluated the reports of the Housing Authority of Baltimore and other pertinent data, feels that private- and Government-sponsored programs have in the past 3 years shown their inadequacy to cope with a problem of increasing demands for new low-income-housing units in a city already overrun with substandard homes.

We urge action that will take into account the fact that in Baltimore a program is needed that will keep pace with the clearance and rehabilitation of slum areas which encompass one-third of our city's available dwelling units.

Until adequate steps are taken by Congress to correct or add incentive to correct, the conditions described in the attached material, we of Baltimore must face the added burden of the cost of unnecessary disease and crime, both in the adult and juvenile stages.

SUMMARY OF BALTIMORE'S BLIGHTED AREAS: HOUSING CONDITIONS AND FAMILY CHARACTERISTICS

Close to half (49.8 percent) of the 91,600 dwelling units in the blighted areas of Baltimore City were substandard, as of July 1949, according to a recently published Housing Authority study entitled "Baltimore's Blighted Areas: Housing Conditions and Family Characteristics, 1949." The report is based on a sample survey conducted by the United States Bureau of the Census in the summer and fall of 1949 under contract with the HABC. The survey was made of dwelling units in the 56 census tracts designated as blighted by the City Planning Commission, excluding dwelling units in public-housing projects, and special dwelling places, such as institutions, convents, dormitories, and the like.

A standard dwelling unit, as defined in this survey, is a dwelling unit which is not dilapidated, has an installed bathtub or shower and a flush toilet inside the structure for the exclusive use of the occupants and hot and cold running water inside the structure. All other dwelling units are defined substandard.

Approximately 303,000 persons, consisting of 80,000 families of two persons or more and 27,000 individuals, occupied about 88,000 dwelling units in the survey area in 1949. Nonwhite persons composed 51 percent of the population living in the blighted areas. Slightly more than half the families living in the area were white, while nonwhite individuals numbered about 15,000 and white individuals 12,000. About one-third of the families owned their own homes, while two-thirds rented. Almost 23,000 or 56 percent of the white families lived in tenant-occupied units, whereas more than 30,000 or 78 percent of the 39,000 nonwhite families were tenants.

Housing conditions

About 38.4 percent of all units occupied by white persons were substandard compared to 62.2 percent of all nonwhite-occupied units. A breakdown of the 43,550 occupied dwelling units in the survey area rated as substandard reveals (1) that 18,180 or 41.7 percent were occupied by whites and 25,370 or 58.3 percent by nonwhites, and (2) that

owner-occupied units constituted 17.6 percent and tenant-occupied 82.4 percent of all substandard dwellings. About 17,900 or 20.3 percent of all units were dilapidated. Other deficiencies revealed are shown in table I on the following page.

There was a higher proportion of units lacking these facilities among tenant-occupied than among owner-occupied units and among those occupied by Negro than among those occupied by white families.

TABLE I.—Number and percent of occupied dwelling units lacking specified basic facilities: Blighted areas, Baltimore, Md., July 1949

Facility	Number	Percent
Total dwelling units	88,170	100.0
No hot water inside structure	25,834	29.3
No private inside toilet	24,070	27.3
No private bath	28,743	32.6
No central heating	39,412	44.7
No installed private stove or range for cooking	3,791	4.3
No private kitchen sink	2,557	2.9
No electric light	1,411	1.6

Family data

About 37 percent of all families were veterans' families. About 11,700, or almost 15 percent of all families, were doubled up. Eight percent of total families were overcrowded, according to the concept that an average of more than 1.5 persons per room denotes overcrowding. If 1.01 or more persons per room is used as the index of crowding then the percentage of families deemed overcrowded would be 22.5 percent.

Rents

The median contract rent for all tenant-occupied units was \$31.80, an increase of 67 percent over the corresponding figure of \$19.05 in 1940. The median contract rent for white-occupied and Negro-occupied units was \$36.41 and \$29.89, respectively. However, this racial disparity in rents disappeared when gross rents or contract rents plus utilities were compared. For both groups the median gross rent was about \$38.50. The median contract and gross-rent figures for standard housing were \$39.26 and \$45, respectively; the comparable figures for substandard housing were considerably lower, \$26.39 and \$33.90.

Incomes

The median income for all families in the survey area was \$2,696; for white families alone, it was \$3,057; and for nonwhites, \$2,445. Significant differences in family income were also obtained in breakdowns by tenure and quality of housing. The median income for families living in owner-occupied units was \$3,156, almost \$600, or 23.3 percent, above the corresponding figures of \$2,559 for families in rented units. The median family income for residents of standard housing was \$3,108, 29.3 percent above the \$2,403 median income of occupants of substandard housing.

The median rent-income ratio for all principal tenant families surveyed was 17.8 percent. This ratio varied from 36.5 percent for families with incomes below \$1,000 to 9.8 percent for those in the \$5,000 and over class. Families in the \$1,500-\$1,999 group paid about 25 percent of their incomes for rent and utilities.

Financial characteristics of owner-occupied homes

About 27,000 or 30.7 percent of the 88,000 occupied units in the survey area were owner-occupied. Of 20,000 owner-occupied single-family homes, about two-thirds were found to be owned by whites and one-third by nonwhites. About 56 percent of the units reported no mortgage, 42 percent a first mortgage, and 2 percent a first and second mortgage. About 65 percent of white-occupied homes had no mortgage compared to

38 percent of nonwhite homes. The median market value of 8,200 single-family homes was \$4,287, and the median outstanding mortgage indebtedness \$1,826. (The median value was \$4,772 for homes classified as standard and \$2,926 for those that were substandard.) The median ratio of total indebtedness to value was about 46 percent.

The median monthly home expenditure for owner-occupied single-family homes was \$34; for homes of white owner-occupants, this figure was \$29.34 compared to \$50 for nonwhites.

In addition to summarizing and interpreting the above and other data, the report attempts to evaluate changes that have occurred in housing conditions in the central-city area since 1940, discusses population trends, and compares the characteristics of families and individuals. A description of the survey procedure is given, and an appendix of 63 tables is included.

ANALYSIS OF RESIDENTIAL BUILDING TRENDS IN BALTIMORE IN 1953

Dwelling units authorized in Baltimore City and County in 1953 totaled 11,716, a moderate rise over the 1952 total of 10,167, but well below the 1950 peak of 14,662. Baltimore County alone, however, reached a new high of 7,010 dwelling units, an increase over the 1952 total of 6,250, and slightly above the 1950 figure of 6,891. The chart below shows the annual homebuilding total for Baltimore City and Baltimore County for the last 4 years.

[Chart omitted from RECORD.]

New homes started in Baltimore City had dropped sharply from the 1950 figure of 7,771 to 5,863 in 1951 and again to 3,917 in 1952. The 1953 total of 4,706 represents an increase, but one due almost entirely to the start of construction on the 816 dwelling unit low-rent public-housing project, Lafayette Courts. The private housing total of 3,890 was slightly above the corresponding 1952 figure of 3,625 but well below the 1951 figure of 5,226 new private dwellings, and equal to only half the 1950 total of 7,771.

Very little apartment building has taken place in the Baltimore City-County area since the cessation of the FHA 608 program with its liberalized financing privileges in 1950 and 1951. In Baltimore City, the percentage of dwelling units authorized in structures containing more than two units has declined steadily from 1950 to 1952. In 1950 it was 27 percent, dropping to 12 percent in 1951 and to 8 percent in 1952, but rising to 21 percent in 1953. However, the bulk of the new multifamily rental units built in Baltimore in these 3 years came about through 3 low-rent public housing developments—Cherry Hill Extension, 637 units, permit issued in 1951; Claremont, 292 units, permit issued in 1952; and Lafayette Courts, 816 units, permit issued in 1953. Subtraction of these public housing projects from apartment dwellings authorized provides the following figures on number of new private apartment units built in Baltimore City since 1949: 1950—2,079; 1951—90; 1952—0; 1953—161.

If the extent of apartment building in Baltimore City since 1950 has been negligible, the amount of apartment construction in Baltimore County has been practically nonexistent. In 1950, 532 units or 8 percent of the County's total were in the multifamily rental category. Since that time the pittance of apartment units authorized has remained almost identical—16 units in 1951 and 1952, and 14 units in 1953—all less than 1 percent of total new homes started in those years.

These data—and the small number of 2-family units built for rental purposes—point up the alarming lack of new rental housing in the Baltimore area. Conversions have thus become the main source of additions to Baltimore's rental supply. While

high turnover has been experienced in many private 608 rental projects, the lack of any substantial volume of new private rental construction and the continuing shift of formerly rented units to owner-occupancy may lead to a serious imbalance in Baltimore's housing market. These circumstances point up the importance to the city's low-income families of the public housing additions to the rental housing supply.

Mr. Chairman, I am confident these conditions are typical of those in many of the older cities and therefore I strongly urge the adoption of this amendment and the final approval of H. R. 7839.

NEW JERSEY NEEDS HOUSING

Mr. RODINO. Mr. Chairman, the overall housing situation in my State of New Jersey is critical. There is an absolute shortage of housing for practically all groups of citizens except those in the very top income bracket and there is a pressing and crying need for an extended public-housing program.

New Jersey alone could well use the entire number of public-housing units which the Eisenhower administration has recommended for the country as a whole.

Here are the basic facts about housing in New Jersey. My figures are largely derived from the housing census of 1950 which are substantially accurate as of today.

Total number of dwelling units in New Jersey	1,501,473
Total number of families in New Jersey	1,263,570
Total number of low rent public-housing units in New Jersey	22,000

It will be seen, therefore, that the proportion of public housing to the total housing supply is about 1½ percent.

There are today at least 250,000 dangerously dilapidated and/or unsanitary substandard dwelling units in my State. It is reliably estimated that at the very minimum 35,000 families are living in quarters which may be physically safe and actually unfit because of overcrowding.

Studies reveal that almost 100,000 couples without children or other dependents are now seeking houses of their own in New Jersey.

A careful analysis of current rental levels of new housing in New Jersey shows that a 1-bedroom apartment costs at least \$85 per month while the average cost of a 3-bedroom apartment in a new building is \$140 a month.

Let me emphasize the fact that only 6 percent of new housing includes three bedrooms.

A breakdown of 1950 census figures shows that 46.7 of those gainfully employed in New Jersey were earning \$3,500 per year or less. What this means is that practically half the families in New Jersey, according to standards set forth in the report of the President's Advisory Commission on Housing, are unable to afford anything but low-rent public housing.

Current rate of population growth in New Jersey demonstrates that by 1960 we will have an additional 700,000 persons or a total of roughly 5½ million. There are around 45,000 marriages a year in New Jersey but new urban dwelling

does not even keep up with the rate of family increase.

From every standpoint, New Jersey is failing to meet the housing needs of its people. The number of families living in slum housing does not decrease, possibly even increases somewhat. Overcrowding and doubling up becomes worse. Rental housing is out of the reach of any but a very small segment of our population. Almost no housing for sale is being built at prices that families in the middle income brackets—say from \$3,500 to \$5,000 per year can afford to buy. The public-housing program throughout the State has been at a virtual standstill as a direct result of the action of the Congress.

I submit, Mr. Chairman, that the few fundamental figures on the housing situation I have brought out here must show any fairminded person that there is a need for all types of housing in New Jersey, far beyond anything which could under the most sanguine expectations be realized by the measure now before this body. Especially, I call attention to the fact that even if 135,000 units of public housing were authorized each year for the next 4 years for the country as a whole, the proportionate allocation to New Jersey would not begin to make anything but the slightest dent in the slum conditions in the urban areas of our State. Actually, New Jersey could well absorb public housing at the rate which was contemplated in the 1949 Housing Act for the Nation as a whole.

Over and above the basic and urgent need for low-rent housing, we have the larger problem of overall shortages which can only be met by a program far more extensive and far more courageous than anything yet proposed by any committee of the Congress. On behalf of the people of New Jersey who need decent, safe, and sanitary housing at a cost within their means, I appeal to this great body to face up to this great unsolved social problem and help to relieve it to some degree by supporting President Eisenhower's request for 140,000 units—35,000 units over each of the next 4 years.

Mr. WATTS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WATTS: On page 200, strike out the word "and" in line 9 and strike out all of line 19 and insert in lieu thereof the following: "of a dwelling unit or units"; and (3) by striking the words "not later than 5 years after March 1, 1949," in subsection 15 (8) (b) and insert "not later than March 1, 1959."

Mr. WATTS. Mr. Chairman, this amendment does not seek to build any more houses. It does not seek to stop the building of any more houses. It does not raise interest rates. It does not lower interest rates. It does not cost the Government any money and neither does it save the Government any money. It deals with the occupancy of public housing. The 1937 public-housing law, as amended in 1949, provided 2 tests that a person who desired to occupy low-cost public housing must qualify under before he could get admitted as a tenant to such low-cost public housing. One of those provisos that he

had to qualify under was that his income had to be under a certain amount depending on the number of members in his family. The second proviso required that he had to come from substandard housing before he would be permitted to become a tenant in public housing. The 1949 act further provided as to that second proviso that he had to come from substandard housing that that should be waived in behalf of veterans, or families of deceased veterans. The act of 1949 stated that that waiver should continue until March 1, 1954, on the 1st of March of this year, that preference to veterans expired. The purpose of this amendment is to place back in the law the continuation of that preference to veterans for a further period of 5 years until March 1, 1959.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. WATTS. I yield.

Mr. SPENCE. As I understand the gentleman's amendment, it merely extends existing law which gives the veterans preference in obtaining housing accommodations in public-housing projects.

Mr. WATTS. The gentleman is absolutely right.

Mr. SPENCE. I think the gentleman's amendment is a meritorious one, and I am in favor of it.

Mr. WATTS. Mr. Chairman, the reason I offer this amendment and why I think it should be extended is as follows: Many veterans are just now returning from Korea. They have not had an opportunity to occupy low-cost public housing. Many of them have only recently been married and they have not up to now needed low-cost public housing. In many towns, public-housing units are only now being completed and the veterans in those communities have never had an opportunity to occupy them.

I will say to the committee that if there was any excuse for placing this proviso in the law in 1949, it is certainly in order to continue it at the present time.

I may say to the committee, although I know you will not be influenced by what the Senate does, this same matter was brought up in the Senate by Senator SPARKMAN. It was considered by the Senate Banking and Currency Committee and reported out and passed the Senate on March 1, 1954. I think it is a good amendment. I cannot see any real objection to giving the veterans who have not had a chance the same opportunity that was given to those up to 1949.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. WATTS. I yield.

Mr. WOLCOTT. I think the substance of the gentleman's amendment is contained in a bill which is before the House Banking and Currency Committee, having been passed by the Senate, and comes over to us as a separate bill. I can see no objection to the gentleman's amendment. We did not put it in this bill because we thought we might act on the Senate bill prior to acting on this bill. But we can put it in this bill with understanding that if we get quicker

action on the Senate bill it can be taken out.

So there is no objection.

(Mr. HAGEN of California asked and was given permission to extend his remarks at this point.)

Mr. HAGEN of California. Mr. Chairman, I am happy to join with my Democratic colleague in the amendment which has been offered to extend for an additional 5 years the waiver on behalf of veterans or servicemen or their families or the families of deceased veterans, of the requirement that a qualified applicant for admission to a low-rent housing project must be without housing or demonstrate residence in substandard housing.

I have discussed this amendment with the gentleman from Kentucky [Mr. WATTS], who has a separate bill of identical effect, and had he not been prepared to offer the amendment in question I would have offered it for your consideration and passage.

The waiver in question is just as justifiable now as it was when it was first enacted by a Democratic Congress.

It is a recognition of the housing problems which face all veterans and servicemen in a situation which is compounded of a housing shortage and a large number of men in service and returning from service. There has been no substantial change from 1949 to date in the circumstance of the number of servicemen and returning veterans and the supply of housing which would justify abandonment of this preference. The same justifications exist for it today as existed in the past and the other body has already given recognition to this fact by providing for a more limited extension than we are considering here.

The waiver in question recognizes the fact that a man in service or returning from service is in a little different position with respect to procurement of housing than anyone else. In a sense he is a person displaced—involuntarily displaced and not in a position to make easy arrangements for reasonable, adequate housing.

Moreover this waiver is further recognition of the fact that the Congress in the past, and some of us today, recognize the special debt which we owe to our veterans and servicemen, a debt which entitles them to every consideration from the Government in the reestablishment of their lives without undue hardship occasioned by military service.

In passing I would like to say that I feel that the form in which this bill came from the committee to the floor of the House evidenced a disregard for the welfare of veterans. It did not contain the present amendment although its author pleaded for its inclusion in the bill. It wiped out the statutory safeguards of maximum interest rates on GI loans and indirectly sanctioned the undercutting of GI loans by making FHA loans, with which GI loans compete for risk capital, more attractive to the detriment of both the veteran and the prospective FHA buyer.

In addition this bill in effect wipes out the preference of veterans in the purchase of surplus Government housing.

All of these aspects of the bill have been severely criticized by the American Legion, an outstanding veterans' organization.

I trust that we here today will rectify all of the aspects of the legislation brought from the committee of which I have complained. If such rectification is made I will vote for its passage. Otherwise I will not. In voting for it under such circumstances I will not be expressing a belief in its overall virtue because I do not believe it has such virtue and can only hope that if the Senate is wise it will improve it or reject it. Basically its provisions favor the money lenders more than they favor the borrowers at a time when we are in a declining economic spiral. In this respect this is bad legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. WATTS].

The amendment was agreed to.

Mr. HIESTAND. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HIESTAND: On page 204, after line 8, insert a new section, as follows:

"Sec. 505. Section 10 of said act, as amended, is hereby amended by adding the following new subsection:

"(j) In any community where the people of that community, by their duly elected representatives or by referendum, have indicated that they desire to liquidate a low-rent public housing project by the sale thereof to private ownership, such community shall negotiate with the Federal Government with respect to the sale of such low-rent public housing project and the Authority shall permit the sale of such project (after public advertisement to the highest bidder) upon agreement by such community (1) to pay and retire all outstanding obligations (together with any interest accrued thereon at the date of redemption and any premiums prescribed for the redemption of such obligations prior to maturity) issued by the local housing authority to finance the development of such project and (2) to pay, or to cause to be paid, any proceeds received from the sale of such project in excess of the amount required to comply with the requirements of the preceding clause numbered (1) to the Secretary of the Treasury and to the local government in proportion to the aggregate contribution which the Authority and such local government has made to the project, and the moneys so paid to the Secretary of the Treasury shall be covered into miscellaneous receipts."

The CHAIRMAN. The gentleman from California is recognized.

Mr. HIESTAND. Mr. Chairman, the proposed amendment may have little objection. It merely provides a formula which would result in Federal and local cooperation in the liquidation of any particular public housing project, once the local governing body or the voters by referendum decide to discontinue a project that is in active operation. It is not designed, nor can it be interpreted to bring about the wholesale liquidation of the 1,631 public housing projects which are today in operation or the 414 projects now under construction.

Under existing law the Federal Government is legally obligated to make contributions for 40 years in order to maintain the subsidized low-rent character

of public housing. However, shifting of populations, as well as incomes, increased standards of living, and other changing circumstances in a community might conceivably bring about a situation that renders the continuation of a public housing project wholly impractical. For example, the hearings on the Independent Offices Appropriation Act in February contained references to several communities where the local housing authorities were actually advertising in press and radio for tenants. Unfortunately there is no provision in the law at present which would enable such communities to proceed toward liquidation. The only provision for liquidation suggested in this bill would not be operative until 40 years had elapsed.

Surely, it is reasonable to foresee a desire on the part of a community to liquidate a public housing project 10, 15, or 20 years after it has been instituted instead of waiting for 40 years.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HIESTAND. I yield.

Mr. YATES. How does the gentleman's proposal permit a liquidation of the bonds that have been issued to provide for the construction of a project?

Mr. HIESTAND. I thank the gentleman from Illinois for the inquiry. I shall explain it right now.

The amendment proposed herein would enable such a community to at least start the ball rolling toward liquidation. Here is how the amendment would work.

First, the local governing body or the people by referendum would have to vote for liquidation.

Second, if the local housing authority does not desire to comply with the wishes of the community, the legislature of the State would amend its enabling act to direct the local housing authority to exercise its option of redemption of the outstanding obligations.

Third, the local government is required to provide the necessary money to redeem the outstanding obligations, including penalties for redemption before maturity. The local housing authority in turn would convey full title of the project to the local government.

Fourth, the local government would then sell the project to private interests after advertising for bids.

Fifth, the proceeds of the sale would go to repay the local government for the advances made to the local authority to redeem the outstanding obligations of the local public housing authority. The balance would then go to the Secretary of the Treasury and the local government in proportion to their contribution to the project.

Critics of this proposal have suggested that there might not be sufficient moneys left over to repay any part of the local government's contribution. That may or may not be the case because it is impossible to predict accurately the market price of a public housing project at some future date. However, there is no way that this contribution could be repaid under existing law. Under this amendment, the continued contribution of the local government through

tax exemption would cease, and after sale of the project to private owners, the project would go on the tax rolls for full local taxation.

What would be the savings to the Federal and local governments through this voluntary liquidation?

First. The tax loss to the Federal Government of \$4.90 per unit per month for units constructed under the 1949 act would end.

Second. The \$7.45 per month per unit tax loss to the local government would end.

Third. The annual contribution from the Federal Government which averages \$26.90 per unit per month would end.

Public housing was enacted by the Congress to meet a need. This amendment merely provides a means for communities to liquidate a project where the need no longer exists. I strongly urge its adoption by the committee.

Mr. WOLCOTT. Mr. Chairman, this amendment in principle was discussed in the Committee on Banking and Currency in consequence of which an adjustment was made which the gentleman has incorporated in the amendment which he has offered. For that reason, I see no objection to it. I have just checked with the minority and I doubt whether there is any objection on that side.

Mr. SPENCE. I have no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HIESTAND].

The amendment was agreed to.

Mr. GWINN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GWINN: On page 204, following line 6, insert a new section as follows:

"Section 15-7 of the United States Housing Act of 1937, as amended, is further amended by adding the following proviso: *Provided*, That no unit in a low-rent housing project shall be occupied by a person who is a member of an organization designated as subversive by the Attorney General of the United States."

Mr. GWINN. Mr. Chairman, this is the exact language that 2 years ago was agreed to in an appropriation bill by the gentleman from Texas [Mr. THOMAS], on behalf of the Appropriations Committee, and adopted by unanimous consent.

The reason for introducing it at this time is to make it a part of the permanent legislation regarding public housing so that it will not be subject to a point of order as it was this time when the appropriation bill came before us. The substantial reason for the amendment is that the public housing authorities have said over and over again, particularly in Pittsburgh, Detroit, and other places where the question has come up, that they are unable to get the Communists out of the public housing projects without some enabling legislation. They claim they have no authority by which they may proceed. They can put a tenant out for immoral conduct of various sorts, but they cannot put a tenant out because he or she is a Communist. Strangely enough, in every one of these big public housing projects where investigation has been made, right at the cen-

ter or core of the tenancy is some very well acknowledged Communist or left winger tucked right into the setup.

For example, there is a Communist, William Allen, in the Herman Gardens in Detroit, correspondent for the *Daily Worker*, who pays \$46 a month for a 2-bedroom apartment. The rent is actually \$56.23. The taxpayers make up the difference because Allen's reported income from the Communist newspaper is only \$55 a week.

There is in Pittsburgh another example, and I will stop with this.

Mr. OAKMAN. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield to the gentleman from Michigan.

Mr. OAKMAN. With reference to the individual named in Detroit, he has since been convicted under the Smith Act in the Federal court for the eastern district of Michigan. He is now being charged with falsely stating that he was not a Communist. As a member of the Common Council of the City of Detroit several years ago, I introduced a resolution to expel him from the Herman Garden housing project. The housing people said there is nothing we can do. I want to rise to support the gentleman's amendment.

Mr. GWINN. I thank the gentleman very much.

Mrs. ST. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield to the gentleman from New York.

Mrs. ST. GEORGE. May I say that about a year or so ago I was in the city of Los Angeles with the distinguished chairman of the Government Operations Committee. We were looking into public housing there and were informed by the public-housing people themselves that they had absolutely no means of getting rid of Communists in public housing, that they hoped there would be some legislation very soon enacted that would strengthen their hands. I commend the gentleman for offering the amendment, and I certainly hope it will pass.

Mr. GWINN. I thank the gentleman.

Mr. WHEELER. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield to the gentleman from Georgia.

Mr. WHEELER. Was my understanding correct a moment ago when the gentleman from Michigan [Mr. OAKMAN] said that a person had been taken from one of these low-cost public-housing units, convicted in a court, and sent to the Federal penitentiary?

Mr. GWINN. That is right.

Mr. WHEELER. Then am I right in assuming that he has essentially the same type of public housing but now does not even have to pay nominal rent?

Mr. GWINN. I thank the gentleman. I think that is a sound conclusion.

Mr. FISHER. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield to the gentleman from Texas.

Mr. FISHER. The gentleman has offered a very commendable amendment. With reference to the problem they are having with these subversives in these

public-housing projects, if the gentleman will yield, I should like to read very briefly a sentence from the *Daily Mirror* of New York City:

A *Mirror* survey revealed that a hard core of American Labor Party members, unswervingly devoted to the Moscow dictated line, has infiltrated virtually every one of the fifty-odd-housing projects under jurisdiction of the New York City Housing Authority and is busily engaged in stirring up dissension, discontent, and political bias in them.

Mr. GWINN. I thank the gentleman.

Mr. McCORMACK. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from New York [Mr. GWINN].

The Clerk read as follows:

Substitute amendment offered by Mr. McCORMACK: On page 204 after line 8 add the following:

"SEC. —. (a) No Federal department or agency shall hereafter make, or contract to make, any loan, grant, annual contribution, advance, or other financial assistance available for or with respect to any housing unit or units, or guarantee or insure, or contract to guarantee or insure, any loan made for any housing unit or units unless the owner or owners thereof agrees (or, in the case of any loan which is guaranteed or insured, the lender agrees to require such owner or owners to agree) that (1) prior to the admission of any person to occupy any such housing unit or prior to the sale of any such housing unit for occupancy by the purchaser such owner or owners will obtain from the prospective occupant or purchaser a certificate (to which the provisions of section 1001 of title 18, United States Code, are hereby expressly made applicable) that he is not a member of any organization which, for purposes of this act, the Attorney General designates as subversive and, if the owner or owners occupies a housing unit or units, he will execute such certificate, and (2) such owner or owners will require any purchaser of any such housing unit or units to agree to comply with the requirements of clause (1) in the same manner as though the purchaser were the owner first subject thereto: *Provided*, That this act shall not affect the validity of, or the powers and obligations of any Federal department or agency of the United States under any contract with respect to the making of loans, grants, annual contributions, advances, or other financial assistance, or the guaranty or insurance of loans.

"(b) Each Federal department or agency is hereby authorized, with respect to any housing assisted by it, to issue such regulations and procedures as it shall deem advisable for the purpose of carrying out the provisions of this section, including requirements with respect to the holding or filing of agreements and certificates made or executed pursuant to the preceding sentence; and, with respect to any housing owned by the United States, the Federal department or agency having jurisdiction thereof shall issue regulations or procedures requiring an occupant or purchaser of such housing to execute an agreement or certificate similar to the agreements or certificates which occupants or purchasers would execute under subsection 901 (a) of this act.

"As used in this section, the term 'Federal department or agency' shall mean any department, agency, corporation, or officer in the executive branch of the United States Government, including the Federal Home Loan Banks."

Mr. McCORMACK. Mr. Chairman, it would seem to me that the gentleman from New York [Mr. GWINN] would be

willing to accept my amendment or to agree to it. Certainly, if the chairman of the committee, the distinguished gentleman from Michigan [Mr. WOLCOTT] is not going to oppose the Gwinn amendment, under no conditions would there be any justification in opposing this amendment because the only purpose of this amendment is to treat all persons with equality and equal punishment under the law. So, under my amendment, we have the entire broad question presented to the committee.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. As I understand it, the gentleman's amendment applies to Communists all up and down the economic scale, not just to those at the bottom of it.

Mr. McCORMACK. It applies to all of them. A Communist is a Communist whether he has not got a nickel or has a million dollars.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from California.

Mr. McDONOUGH. Has the gentleman's amendment provided for the case of a Communist who now occupies such a house and who should be evicted?

Mr. McCORMACK. I assume that the amendment, by implication, would cover that.

Mr. McDONOUGH. But it does not state that.

Mr. McCORMACK. My amendment is comprehensive. It meets the whole situation. It does not single out one segment of our American society. It applies to everybody and I am sure my friend from California [Mr. McDONOUGH] agrees with the objective of the amendment.

Mr. McDONOUGH. I do. In order to show that it is the gentleman's intent in his amendment to evict any Communist who is now living in such a house, I think it should be so stated in this RECORD, so that anyone later who reads the RECORD will know that that is the case.

Mr. McCORMACK. Of course.

Mr. McDONOUGH. The gentleman will agree to that?

Mr. McCORMACK. I agree with that, for the RECORD.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. I am curious to know how much this overall brain washing will cost the Federal Government?

Mr. McCORMACK. If we are going to have any brain washing it ought to be overall.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Massachusetts [Mr. McCORMACK] to the amendment offered by the gentleman from New York [Mr. GWINN].

The substitute amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman

man from New York [Mr. GWINN] as amended.

The amendment was agreed to.

Mr. FISHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISHER: On page 204, after line 6, insert a new section to read as follows:

"SEC. —. Section 15 (8) (a) of the United States Housing Act of 1937, as amended, is hereby amended by adding a proviso as follows: 'Provided, That maximum income limits for admission to such low-rent housing project may not exceed \$2,000 per annum, and for continued occupancy may not exceed \$2,300 per annum.'"

Mr. FISHER. Mr. Chairman, many Members have the misconception that the public-housing law limits occupancy of the federally subsidized dwellings to families earning under \$2,000 a year. This is not true. The fact is that there are no statutory income ceilings in the law. This is one of the major defects of the law. Under the present wording of the law, the public is open to being misled by discussions like those on the floor here the last few days indicating that public-housing use is restricted to families earning \$2,000 a year or less. I recall that among others the gentleman from Michigan [Mr. RABAUT] on Tuesday on the floor of this House in speaking for public housing said he was representing the "little people of this Nation, those receiving \$2,000 a year and less."

Now, what does the law actually say? Section 301 of the 1949 act—Public Law 171, 81st Congress—states in part:

The public-housing agency—

Meaning the local public-housing authority—

shall fix maximum income limits for the admission and for the continued occupancy of families in such housing, that such maximum income limits and all revisions thereof shall be subject to the prior approval of the Authority—

Meaning the Federal Public Housing Administration—

and that the Authority may require the public-housing agency to review and to revise such maximum income limits if the Authority determines that changed conditions in the locality make such revisions necessary in achieving the purposes of this act.

Section 306 of the 1949 act states in part:

The dwellings in low-rent housing as defined in this act shall be available solely for families whose net annual income at the time of admission, less an exemption of \$100 for each minor member of the family other than the head of the family and his spouse, does not exceed 5 times the annual rental (including the value or cost to them of water, electricity, gas, other heating and cooking fuels, and other utilities) of the dwellings to be furnished such families.

Some time back an attempt was made to obtain the income limits in Federal public housing in one of our largest cities. The official of the housing authority in that city when asked what the ceiling on income limits was, stated "5 times the rent." He was then asked what is the rent. The answer came back, "one-fifth of the income." Now that is the kind of runaround we get when we try to

get specifics regarding these claims that public housing is restricted to those families earning under \$2,000 a year.

This uncertainty ought to be cleared up once and for all. The original 1937 act—Public Law 412, 75th Congress—to which the 1949 act was an amendment states as a definition for the families to be served by the housing developed under the program in subsection 2 (2):

The term "families of low income" means families who are in the lowest-income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use.

Regardless of how we feel about public housing, let us at least try to see that it does the job that it is advocated to do. I have chosen the figure used by the gentlemen who favor the program and ask the support of these gentlemen and all Members to see that statutory limit is set in the law in accordance with the written and spoken claims made about public housing so that as long as we have it it will at least be doing the job that its advocates said it was going to do.

How can you justify housing families earning \$4,000 and \$5,000 a year and more in these units in practice when all of the sales talk by the friends of this program has been that it was going to help the really bottom group of the citizens and they have used over and over the figure of \$2,000 a year and under.

Mr. HOLIFIELD. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. HOLIFIELD for the amendment offered by Mr. FISHER: "Provided further, That the President shall from time to time set the annual maximum wage level for occupants of public housing units, taking into consideration the number of persons in each family, the current purchasing power of the dollar in relation to the cost of living and wage levels of each locality."

Mr. FISHER. Mr. Chairman, I make a point of order against the amendment on the ground that it is not germane to the amendment which the gentleman from Texas offered, and which is now pending.

Mr. HOLIFIELD. Mr. Chairman, I have offered it as a substitute amendment. I do not offer this amendment as an amendment to the gentleman's amendment.

Mr. FISHER. It is not germane to the bill.

Mr. HOLIFIELD. Mr. Chairman, I ask for a ruling on that, and I would like to be heard on the point of order.

Mr. FISHER. It relates to wages and has no reference to rents. It is not germane to the subject matter covered in the pending bill nor to the amendment offered by the gentleman from Texas.

Mr. HOLIFIELD. Mr. Chairman, the amendment of the gentleman from Texas set a rigid level of wages without any regard to the fluctuation of the purchasing power of the dollar nor the cost of living, and the level of wages in each community which vary throughout the United States. It is obvious, it seems to

me, that if the gentleman can set a rigid wage level that a sliding wage level, which would depend upon the annual reevaluation or a periodic valuation in order that a large family of 6 or 8 or 10 children might be given a consideration of wage earning commensurate with the needs of the families and a small family likewise could be given a smaller wage level in view of their decreased need for the necessities of life.

The CHAIRMAN (Mr. REECE of Tennessee). The Chair is ready to rule. Both amendments would appear to deal with the financial income of the applicants for occupancy in these facilities. One amendment fixes income limits. The other delegates authority for the income to be fixed. Both amendments seem to deal with the same subject matter. The Chair holds that the amendment is germane and overrules the point of order.

The gentleman from California [Mr. HOLIFIELD] is recognized to speak on his amendment.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. McDONOUGH. I wonder if the gentleman considered this in writing his amendment. I do not know where in the law the President has any jurisdiction over public-housing authorities at all. The public-housing authorities are established by the States, counties, and cities, and they are under the jurisdiction of the State legislatures or the counties or the cities, which appoint them in some instances, or they are autonomous, if there is no provision in the law. There is no place in the law that I know anything about where the President could declare or set the scale on which a person could be admitted to rent these facilities. This is a new law, in my opinion.

Mr. HOLIFIELD. The gentleman may be right about this. I am not prepared to pass judgment on that particular point. I merely tried to make equitable what I considered was an inequitable amendment offered by the gentleman from Texas. If it is beyond the power of Congress to set up conditions in this act which is being passed by the Congress, which shall be complied with by Federal and local housing authorities, it is obvious it could not be in order. However, it is my own opinion, it is probably in order because I believe the Congress has the right to set conditions which shall be complied with by those agencies that avail themselves of the benefits of Federal assistance. In my argument on the point of order, I stress the human values which I hope to protect here. It is very simple. It is merely this: To set up a rigid wage level by law, in my opinion, is a very unwise thing in view of the variable factors that are involved. I will only address myself to one factor and yield back the balance of my time. It is obviously unfair and inconsiderate and inhumane to ask a family of 10, a man and his wife and 8 children, to live on \$2,300, if it is fair to ask a man and his wife in a public-housing unit of the same type to live on \$2,300. It is obvious that the larger family needs a

higher wage level. I believe in the administration of the law, justice could be done, and a wage level could be set which would be more humane and more in line with what the Congress would like to do.

Mr. CONDON. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. CONDON. In answer to a question by the gentleman from California [Mr. McDONOUGH], you indicated you are not prepared to state whether or not your substitute amendment would be permissible under existing law, which sets up these housing authorities as local, autonomous bodies. Would the same objection that the gentleman from California [Mr. McDONOUGH] raised apply to the amendment offered by the gentleman from Texas [Mr. FISHER]?

Mr. HOLIFIELD. Of course it would. The logic of his argument is the same in each instance, equally applicable to the two amendments.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. SECREST. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I did not intend to say anything on this, and will take only a minute, but I hope this House will not do anything in fixing a rigid standard that would destroy in many areas housing projects of long standing. This amendment should be defeated.

I have a housing project in Zanesville, Ohio. There is also beside it a temporary housing project for veterans, which the Government has ordered closed, and must be vacated by January 1. We have made arrangements to move those veterans out of the temporary housing over into the permanent housing project. One of those veterans I know has seven children. If they move him over into the other project, with living conditions such as they are in the city of Zanesville, Ohio, he would be compelled to move out of the permanent housing project under the terms of this amendment. There is a great difference in the cost of living in Zanesville and in some other cities, and if you set a rigid standard as low as this minimum proposes, you will throw out of existing housing projects many families who cannot make ends meet now.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. SECREST. I yield.

Mr. JAVITS. Is it not a fact that the rate of income, what it costs costs to live for a poor family in New York, could be around \$2,700, whereas a family earning \$2,700 in the West-Central area would be doing quite well; therefore I think it should be clear that this amendment will just cause wholesale evictions from public-housing projects and will knock the whole thing over the head. You can kill something in many ways, and this is one way to do it.

Mr. SECREST. Certainly. I think the only sensible thing to do is to do the way it is being handled now. It is administered, in Zanesville for instance, by a housing authority. I think the best way is to let them say what they think should be the standard of rent in that particular community.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. SECREST. I yield.

Mr. McDONOUGH. The gentleman will agree that if a man has a family of 5 children, and is earning \$5,000, and is occupying a public housing unit, and a man in the same community with the same number of children is earning only \$2,500, the man earning \$5,000 should get out. Does the gentleman not agree with that?

Mr. SECREST. Yes. That conforms to present regulations. There is a ceiling placed on income.

Mr. McDONOUGH. There should be some point at which a man's earning capacity, no matter how many children he has, should designate that he should look out for himself.

Mr. SECREST. I agree that the intent is to take care of those who need it most.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. SECREST. I yield.

Mr. HOLIFIELD. My substitute amendment seeks to do just exactly what the gentleman is arguing for; that is, to leave this up to the Authority to handle from the standpoint of equity and regulation, rather than to write in a rigid sum of \$2,300 which would apply unequally throughout the United States.

Two thousand three hundred dollars in some areas might be too high; in others it might be too low. The only way to decide it is to leave it to the housing authority to determine.

I believe that is what the substitute amendment does.

Mr. SECREST. Then I submit that the substitute amendment should be adopted because I think it would be a terrible situation if we set a standard for this whole country under which some communities might benefit and others not.

Mr. HAGEN of California. Mr. Chairman, will the gentleman yield?

Mr. SECREST. I yield.

Mr. HAGEN of California. The gentleman understands that this amendment does not specify whether it is gross income or net income. The two are entirely different.

Mr. SECREST. I think it would completely destroy the housing program and automatically throw 90 percent of the veterans out of Coopermill Manor in Jonesville, Ohio.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. SECREST. I yield.

Mr. COOLEY. The substitute definitely states that the President shall make this determination. No legal authority would exist therefor in the local authorities to make the determination.

Mr. SECREST. I certainly hope the original amendment will be defeated.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The question is on the substitute offered by the gentleman from California [Mr. HOLIFIELD].

The substitute amendment was rejected.

The question recurs on the amendment offered by the gentleman from Texas [Mr. FISHER].

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that the balance of the bill from pages 204 to 226 be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

(The balance of the bill reads as follows:)

TITLE VI—HOME LOAN BANK BOARD

Sec. 601. The National Housing Act, as amended, is hereby amended—

(1) by amending section 402 (c) (4) to read as follows:

"(4) To sue and be sued, complain and defend, in any court of competent jurisdiction in the United States or its territories or possessions, and may be served by serving a copy of process on any of its agents or any agent of the Home Loan Bank Board and mailing a copy of such process by registered mail to the Corporation at Washington, D. C.";

(2) by adding the following new subsection to section 405:

"(c) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of 3 years from the date of default unless, within such 3-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the Corporation and its validity denied, in which event the action may be brought within 2 years from the date of such denial."; and

(3) by striking out of title IV of the National Housing Act, as amended, the words "Federal Savings and Loan Insurance Corporation" at each place the same appears therein and inserting in lieu thereof the words "Federal Savings Insurance Corporation".

Sec. 602. The Federal Home Loan Bank Act, as amended, is hereby amended by striking "\$20,000" in section 10 (b) (2) and inserting "\$35,000."

Sec. 603. The Home Owners' Loan Act of 1933, as amended, is hereby amended—

(1) by striking "\$20,000" wherever it appears in the first paragraph of subsection (c) of section 5 and inserting "\$35,000";

(2) by amending subsection (d) of section 5 to read as follows:

"(d) (1) The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or rules and regulations made hereunder, or any other law or regulation, and in the administration of conservatorships and receiverships as provided in subsection (d) (2) hereof, the Board is authorized to act in its own name and through its own attorneys. The Board shall have power to sue and be sued, complain and defend in any court of competent jurisdiction in the United States or its Territories or possessions. It shall by formal resolution state any alleged violation of law or regulation and given written notice to the Association concerned of the facts alleged to be such violation, except that the appointment of a Supervisory Representative in

Charge, a conservator or a receiver shall be exclusively as provided in subsection (d) (2) hereof. Such association shall have 30 days within which to correct the alleged violation of law or regulation and to perform any legal duty. If the association concerned does not comply with the law or regulation within such period, then the Board shall give such association 20 days written notice of the charges against it and of a time and place at which the Board will conduct a hearing as to such alleged violation of duty. Such hearing shall be in the Federal judicial district of the association unless it consents to another place and shall be conducted by a hearing examiner as is provided by the Administrative Procedure Act. The Board or any member thereof or its designated representative shall have power to administer oaths and affirmations and shall have power to issue subpoenas and subpoenas duces tecum, and shall issue such at the request of any interested party, and the Board or any interested party may apply to the United States district court of the district where such hearing is designated for the enforcement of such subpoena or subpoena duces tecum and such courts shall have power to order and require compliance therewith. A record shall be made of such hearing and any interested party shall be entitled to a copy of such record to be furnished by the Board at its reasonable cost. After such hearing and adjudication by the Board, appeals shall lie as is provided by the Administrative Procedure Act, and the review by the court shall be upon the weight of the evidence. Upon the giving of notice of alleged violation of law or regulation as herein provided, either the Board or the association affected may, within 30 days after the service of said notice, apply to the United States district court of the district where the association is located for a declaratory judgment and an injunction or other relief with respect to such controversy, and said court shall have jurisdiction to adjudicate the same as in other cases and to enforce its orders. The Board may apply to the United States district court for the district where the association affected has its home office for the enforcement of any order of the Board and such court shall have power to enforce any such order which has become final. The Board shall be subject to suit by any Federal savings and loan association with respect to any matter under this section or regulations made thereunder, or any other law or regulation, in the United States district court for the district where the home office of such association is located, and may be served by serving a copy of process on any of its agents and mailing a copy of such process by registered mail, to the Home Loan Bank Board, Washington, D. C.

"(2) The grounds for the appointment of a conservator or receiver for a Federal savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets, or the refusal to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a supervisory representative in charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint ex parte and without notice a supervisory representative in charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for con-

servators and receivers. Unless sooner removed by the Board, such supervisory representative in charge shall hold office until a conservator or receiver appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for 6 months, or until 30 days after the termination of the administrative hearing and final proceedings herein provided, or until 60 days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such appointment of a conservator or receiver shall be made except pursuant to a formal resolution of the Board stating the grounds therefor and except notice thereof is given to said association stating the grounds therefor and until an opportunity for an administrative hearing thereon is afforded to said association. Such hearing shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. A conservator shall have all the powers of the members, the directors, and officers of the Federal association and shall be authorized to operate it in its own name or conserve its assets in the manner and to the extent authorized by the Board. The Board shall appoint only the Federal Savings Insurance Corporation as receiver for any Federal savings and loan association, which shall have power as receiver to buy at its own sale subject to approval by the Board. With the consent of the association expressed by a resolution of the board of directors or of its members, the Board is authorized to appoint a conservator or receiver for a Federal association without notice and without hearing. The Board shall have power to make rules and regulations for the reorganization, merger, and liquidation of Federal associations and for such associations in conservatorship and receivership and for the conduct of conservatorships and receiverships. Whenever a supervisory representative in charge, conservator, or receiver, appointed by the Board pursuant to the provisions of this section, demands possession of the property, business, and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than \$1,000 or by imprisonment for not more than 1 year, or both, by such fine and imprisonment." and

(3) by striking out the second paragraph of subsection (c) of section 5 and inserting in lieu thereof the following new paragraph:

"Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 percent of the assets of such association in loans insured under title I of the National Housing Act, as amended, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of \$3,000."

TITLE VII—VOLUNTARY HOME CREDIT PROGRAM *Declaration of policy*

Sec. 701. The Congress hereby declares that the purposes of this title are to encourage and facilitate the flow of mortgage credit into remote areas and small communities, through the voluntary cooperation and effort of private lending institutions, and to assist in the development of a program whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic stability and growth of the Nation through

extension of the market for insured or guaranteed mortgage loans.

Definitions

SEC. 702. As used in this title, the following terms shall have the meanings respectively ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Insured or guaranteed mortgage loan" means any loan made for the construction or purchase of a family dwelling or dwellings and which is (1) guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended, or (2) secured by a mortgage insured under the National Housing Act, as amended.

(b) "Private financing institutions" means life-insurance companies, savings banks, commercial banks, cooperative banks, homestead associations, building and loan associations, and savings and loan associations.

(c) "Administrator" means the Housing and Home Finance Administrator.

(d) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

National Voluntary Mortgage Credit Extension Committee

SEC. 703. There is hereby established a National Voluntary Mortgage Credit Extension Committee, hereinafter called the "National Committee," which shall consist of the Housing and Home Financing Administrator, who shall act as Chairman of the National Committee, and 14 other persons appointed by the Administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

(c) Two representatives of real estate boards.

The Administrator shall also request the Board of Governors of the Federal Reserve System and the Administrator of Veterans' Affairs to designate a representative of the Board and the Veterans' Administration, respectively, to serve on the National Committee in an advisory capacity.

In selecting and appointing the members of the National Committee, the Administrator shall have due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Members of the National Committee appointed by the Administrator shall serve on a voluntary basis.

Regional subcommittees

SEC. 704. (a) As soon as practicable, the National Committee shall divide the United States into regions conforming generally to the Federal Reserve districts. The Administrator, after consultation with the other members of the National Committee, shall, for each such region, designate five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans as hereinafter set forth. In designating the members of each such regional subcommittee, the Administrator shall have due regard to fair representation thereon for small, medium, and large financing institutions and builders of residential properties and for different geographical areas within such regions. Members of each regional subcommittee shall serve on a voluntary basis.

(b) The Administrator is authorized and directed, upon the request of a regional subcommittee, to provide such subcommittee with a suitable office and meeting place and to furnish to the subcommittee such

staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions hereinafter set forth. In complying with these requirements, the Administrator may act through and may utilize the services of the several Federal Reserve banks.

Function of National Committee and of regional subcommittees

SEC. 705. It shall be the function of the National Committee and the regional subcommittees to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans.

SEC. 706. The National Committee shall study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and shall receive reports from and correlate the activities of the regional subcommittees. It shall also periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the National Committee and regional subcommittees in performing their function, and shall to the extent practicable maintain liaison with State and local Government housing officials in order that they may be fully apprized of the function and work of the National Committee and regional subcommittees. The Administrator shall, not later than April 1 in each year, make a full report of the operations of the National Committee and the regional subcommittees to the Congress.

SEC. 707. (a) Each regional subcommittee shall study and review the demand and supply of funds for residential mortgage loans in its region, shall analyze cases of unsatisfied demand for mortgage credit, and shall report to the National Committee the results of its study and analysis. It shall also maintain liaison with officers of the Federal Housing Administration and of the Veterans' Administration within its region in order that such officers may be fully apprized of the function and work of the National Committee and regional subcommittees. It shall request such officers to supply to the subcommittee information regarding cases of unsatisfied demand for mortgage credit for loans eligible for insurance under the National Housing Act, as amended, or for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended. Such officers are authorized to furnish such information to such subcommittee.

(b) A regional subcommittee shall render assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

(3) the applicant is eligible for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended, or consents that the mortgage to be issued as security for the loan be insured under the National Housing Act, as amended.

Upon receipt of such certification from an applicant the regional subcommittee shall

circularize private financing institutions in the region or elsewhere and shall use its best efforts to enable the applicant to place the loan with a private financing institution. It shall render similar assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of information from the Veterans' Administration to the effect that the applicant has applied for a direct loan, if he is eligible for such a loan, and that he is eligible for insurance or guaranty, under the Servicemen's Readjustment Act of 1944, as amended. In order to encourage small or local private financing institutions to originate insured or guaranteed mortgage loans, it may also render similar assistance to private financing institutions in locating other private financing institutions willing to repurchase such mortgage loans on a mutually satisfactory basis.

(c) In the performance of its responsibilities under subsection (b) of this section, a regional subcommittee may at its discretion (1) request the National Committee to obtain for it the aid of other regional subcommittees in seeking sources of mortgage credit, and (2) request and obtain voluntary assurances from any one or more private financing institutions that they will make funds available for insured or guaranteed mortgage loans in any specified area or areas within its region in which the subcommittee finds that there is a lack of adequate credit facilities for such loans.

Regulations of Administrator

SEC. 708. The Administrator, after consultation with the National Committee, shall have power to issue general rules and procedures for the effective implementation of this title and for the functioning of the regional subcommittees, pursuant to the provisions hereof and not in conflict herewith.

General provisions

SEC. 709. No act pursuant to the provisions of this title and which occurs while this title is in effect shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States.

SEC. 710. If any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 711. (a) This title and all authority conferred hereunder shall terminate at the close of June 30, 1957.

(b) Notwithstanding subsection (a), Congress, by concurrent resolution, may terminate this title prior to the termination date hereinabove provided for.

TITLE VIII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

Urban planning

SEC. 801. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land-use studies, urban renewal plans, technical services, and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning. Any grant made under this section shall not exceed 50 percent of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Ad-

ministrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$5 million to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

Reserve of planned public works

SEC. 802. (a) In order (1) to encourage municipalities and other public agencies to maintain a continuing and adequate reserve of planned public works the construction of which can rapidly be commenced whenever the economic situation may make such action desirable, and (2) to attain maximum economy and efficiency in the planning and construction of local, State, and Federal public works, the Administrator is hereby authorized, during the period of 3 years commencing on July 1, 1954, to make advances to public agencies from funds available under this section (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned.

(b) No advance shall be made hereunder with respect to any individual project unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance when due.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 percent per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency. All sums so repaid shall be covered into the Treasury as miscellaneous receipts.

(d) The Administrator is authorized to prescribe rules and regulations to carry out the purposes of this section.

(e) There is hereby authorized to be appropriated not exceeding \$10 million to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended. Not more than 5 percent of the funds so appropriated shall be expended in any one State.

Definitions

SEC. 803. As used in this title, (1) the term "State" shall mean any State, the District of Columbia, the Commonwealth of Puerto Rico, and any Territory or possession of the United States; (2) the term "Administrator" shall mean the Housing and Home Finance Administrator; (3) the term "public works" shall include any public works other than housing; and (4) the term "public agency" or "public agencies" shall mean any State, as herein defined, or any public agency or political subdivision therein.

TITLE IX—MISCELLANEOUS PROVISIONS

SEC. 901. Section 607 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended, is hereby amended by adding the following new subsection at the end thereof:

"(g) The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said act, or (4) it is to be sold with a requirement that it be removed from its present location."

Sec. 902. (a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year.

(b) Section 311 of "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended; section 6 of "An act to provide for the advance planning of non-Federal public works," approved October 13, 1949, as amended; and sections 5 and 402 (f) of the National Housing Act, as amended, are hereby repealed.

(c) The National Housing Act, as amended, is hereby amended—

(1) by striking the heading "Annual Report" immediately after section 4 and inserting "Taxation"; and

(2) by striking from subsection (e) of section 406 the word "Congress" and inserting "Housing and Home Finance Administrator."

(d) The first sentence of section 7 (b) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows: "The annual report of the Housing and Home Finance Administrator to the President for submission to the Congress on the operations of the Housing and Home Finance Agency shall include a report on the operations and expenses of the Authority, including loans, contributions, and grants made or contracted for, low-rent housing and slum-clearance projects undertaken, and the assets and liabilities of the Authority."

(e) Section 106 (a) of the Housing Act of 1949, as amended, is hereby amended by striking "; and" at the end of paragraph (3) thereof, inserting a period in lieu thereof, and striking paragraph (4).

(f) The Federal Home Loan Bank Act, as amended, is hereby amended by striking the second sentence of section 20.

Sec. 903. The Housing and Home Finance Agency, including its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing under this or any other law shall exercise such powers, functions, or duties in such manner as, consistent with the requirements thereof, will facilitate progress in the reduction of the vulnerability of congested urban areas to enemy attack.

Sec. 904. Title V of the Housing Act of 1949, as amended, is hereby amended as follows:

(a) In the first sentence of section 511 immediately following the phrase "July 1, 1952," strike the word "and", and insert at the end of the sentence just before the period a comma and the language "and an additional \$100,000,000 on and after July 1, 1954."

(b) In section 512, (1) strike "and 1953" and insert "1953, and 1954", and (ii) strike "and \$2,000,000" and insert "\$2,000,000, and \$2,000,000."

(c) In section 513, strike "and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, and 1953" and insert "\$10,000,000, and

\$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954."

Act of controlling

SEC. 905. Insofar as the provisions of any other law are inconsistent with the provisions of this act, the provisions of this act shall be controlling.

Separability

SEC. 906. Except as may be otherwise expressly provided in this act, all powers and authorities conferred by this act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act or its applications to other persons and circumstances.

Mr. SPENCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: Page 223, after line 4, insert the following new section:

"Public health functions

"SEC. 804. Notwithstanding any other provision of this title, all functions, powers, and duties under this title with respect to health, refuse disposal, sewage treatment, and water purification shall be exercised by and vested in the Surgeon General of the Public Health Service: *Provided*, That the Surgeon General shall have power to delegate to any other Federal agency, functions, powers, and duties with respect to construction."

Mr. SPENCE. Mr. Chairman, this amendment is taken verbatim from the Defense Housing Act of 1951. There is a comprehensive provision for construction under this bill. But the amendment provides that the planning for construction which involves control of polluted waters disposal of sewage and waste, building of water systems, and all matters pertaining to health and sanitation should be administered by the Surgeon General and the Public Health Service.

The Public Health Service has for a long time had control of these functions of Government and has done a good job. In the Ohio valley, for instance, there was a compact entered into by eight States to cooperate in the attempt to clean up that river. Sanitary districts have been incorporated, districts that have the power to levy taxes, build sewers, and provide for sewage disposal.

Public Health is the only agency of the Government that is equipped to meet it by skill and experience. I cannot see how there could be any objection to the adoption of this amendment. We who live in the Ohio valley and have to drink the waters of the Ohio River know how serious the condition is. Unless all of the new construction comes under the jurisdiction of the Public Health Service it might undo what has been done through the years to clean up the river. We are making real progress in that matter now.

A great laboratory has been constructed at Cincinnati which is a laboratory to assist in controlling the pol-

lution of waters all over the United States. They are making progress all the time. It is a great problem that is of interest to all the people everywhere because unless this is controlled the waters of almost all the streams will finally become polluted and filled with industrial waste which is harmful to the health of the people.

I hope the amendment will be adopted.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

Mr. Chairman, this amendment was discussed in committee. We are quite sympathetic with the gentleman's position. I think perhaps we should have in mind that under the planning program this question becomes one of this nature: Will the Director of Health, Education, and Welfare administer the program, or will the Administrator of the Housing and Home Finance Agency administer the entire program?

The matter was submitted by Mrs. Hobby to me as chairman of the committee and the matter was submitted also by Mrs. Hobby to the Bureau of the Budget. The amendment was not adopted by the Committee on Banking and Currency for the reason that we received the following letter from Mr. Belcher, Assistant Director of the Bureau of the Budget:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., March 26, 1954.
HON. OVETA CULP HOBBY,
Secretary of Health, Education,
and Welfare, Washington, D. C.
(Attention: Mr. Reginald G. Conley,
5462 Health, Education, and Welfare
Building.)

MY DEAR MRS. HOBBY: This will acknowledge Mr. Conley's letter of March 19, 1954, enclosing a copy of a report sent to the chairman of the House Committee on Banking and Currency on H. R. 7839, a bill to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

The report recommends that the advance planning provisions of the bill (sec. 702) be amended to provide that "all functions, powers, and duties * * * with respect to schools and health facilities, including hospitals, public water supply, and sewerage systems, shall be exercised by, and vested in, the Secretary of Health, Education, and Welfare."

The question of the administrative arrangements for the proposed new advance planning program was considered by this Bureau in the course of review and clearance of the original draft legislation. At that time we concluded that the objectives of the program could best be realized by placing responsibility for its administration in a single agency of the executive branch. This decision reflects experience gained in the administration of the previously authorized advance planning programs. The Housing and Home Finance Agency was chosen to exercise this responsibility because it is now charged with the administration and liquidation of the earlier advance planning programs, and because it is the agency of the executive branch most broadly concerned with the planning and provision of community facilities.

In endorsing unified administration by the Housing and Home Finance Agency, this Bureau contemplated that the Housing Administrator would provide for consultation

with other departments and agencies in the review of applications for categories of public works in which those agencies have an interest under other Federal programs. Such interagency consultation has been employed in the administration of the earlier advance planning programs.

Since the receipt of your report, we have reviewed the entire question and remain convinced of the importance of providing for unified administration of this program. We have been assured that the Housing Administrator will fully utilize the services of departments and agencies having an interest in categories of community facilities for which advances are sought by State or local governments under this program, and will avoid the creation of staff and facilities which duplicate existing staffs and facilities of other Federal departments or agencies. For these reasons the Bureau of the Budget recommends against the enactment of the proposed amendment.

Since your report has already gone forward to the House Banking and Currency Committee, copies of this letter are being sent to the committee, and to the Housing Administrator.

Sincerely yours,

DONALD R. BELCHER,
Assistant Director.

Apparently the Bureau of the Budget is recommending that we follow through with this provision that the Administrator of the Housing and Home Finance Agency be the central agency designated by the Bureau of the Budget to administer and coordinate the whole program.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Kentucky.

Mr. SPENCE. The amendment submitted was not the amendment submitted to the budget. It was an amendment she drew that was submitted to the budget. The building of houses and the control of the pollution of water are very different occupations. I do not think the Housing and Home Finance Agency is equipped to do it. I think the only agency in the United States that is equipped to do it is the Public Health Service, which has been doing it for years.

Mr. WOLCOTT. This planning program should be coordinated by the Housing and Home Financing Administrator as the President desires. We have to recognize the fact that this is the President's overall program, and the President wants the agency to function in this particular. The substance of the two amendments is, of course, identical.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, we have informed ourselves as to the number of amendments pending at the desk in connection with the remainder of the bill. My information is that there are 7 in addition to 3 perfecting amendments that I shall offer as chairman of the committee, which I assume are not controversial.

Mr. HAYS of Ohio. Mr. Chairman, if the gentleman will yield, I have an amendment which is not at the Clerk's desk.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on amendments to the balance of the bill

and amendments thereto close at 6 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. RAINS. Mr. Chairman, reserving the right to object, how about making it 3 minutes on each amendment? Then we will have a chance to discuss them.

Mr. WOLCOTT. How about 2 minutes on each side?

Mr. RAINS. On each side?

Mr. WOLCOTT. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RAINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAINS: On page 223, after line 5, insert the following new section:

"SEC. 901. (a) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance or guaranty prior to the beginning of construction, no mortgage shall be insured or guaranteed under the National Housing Act, as amended, or title III of the Servicemen's Readjustment Act of 1944, as amended, unless the seller or builder, and such other person as may be required by the said Commissioner or Administrator to become warrantor, shall deliver to the purchaser or owner of such property a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) on which the Federal Housing Commissioner or the Administrator of Veterans' Affairs based his valuation of the dwelling: *Provided*, That the Federal Housing Commissioner or the Administrator of Veterans' Affairs shall deliver to the builder, seller, or other warrantor his written approval (which shall be conclusive evidence of such approval) of any amendment of, or change or variation in such plans and specifications which the Commissioner or the Administrator deems to be a substantial amendment thereof, or change or variation therein, and shall file a copy of such written approval with such plans and specifications: *Provided further*, That such warranty shall apply only with respect to such instances of substantial nonconformity to such approved plans and specifications (including any amendments thereof, or changes or variations therein, which have been approved in writing, as provided herein, by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) as to which the purchaser or homeowner has given written notice to the warrantor within 1 year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs: *Provided further*, That such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument: *And provided further*, That the provisions of this section shall apply to any such property covered by a mortgage insured or guaranteed by the Federal Housing Commissioner or the Administrator of Veterans' Affairs on and after July 1, 1954, unless such mortgage is insured or guaranteed pursuant to a commitment therefor made prior to July 1, 1954.

"(b) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are further directed to permit copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided herein) for dwellings in connection with which warranties are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, homeowner, or warrantor during such hours or periods of time as the said Commissioner and Administrator may determine to be reasonable.

And renumber the succeeding sections accordingly.

Mr. RAINS. Mr. Chairman, this is a long amendment to attempt to discuss in 2 minutes. In brief, it is this, and if my distinguished and genial chairman will listen to me, I hope he will agree to the amendment.

It is the exact unanimous recommendation of a Subcommittee on Housing of the Committee on Banking and Currency and one that was in the bill which went from this House last year to the Senate. This amendment was stricken out in conference. It is an amendment which I intended to offer in the executive session.

It is an amendment which says a builder shall give to the man to whom he sells the house a copy of the plans and specifications so he will know what he has; and that the builder says, "This house is built in substantial conformity with the plans and specifications." That is all it says.

This amendment meets in principle the practice and has the approval of all good homebuilders of this country. They have certain fears about how it might work, but in many sections they give their own warranty. It is not a guaranty; it does not guarantee the house against defects or anything of the kind but merely says that this house is built in conformity with the plans and specifications.

A veteran is entitled to that if the Government is to insure the loan.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. RAINS].

The amendment was agreed to.

(Mr. HOWELL asked and was given permission to extend his remarks in the RECORD at this point.)

Mr. HOWELL. Mr. Chairman, I strongly support the amendment offered by the very able gentleman from Alabama [Mr. RAINS]. From personal experience and observation of projects in my own congressional district, I believe a proper warranty provision would go far toward solving many of the serious deficiencies and difficulties encountered in connection with homes purchased under both the VA and FHA loan programs. Several instances have occurred in the years since World War II, in which veterans in particular have received shabby treatment from builders and mortgagors who were more interested in a "fast buck" than they were in providing decent homes for returning veterans and others desperately in need of housing.

Mr. HAYS of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAYS of Ohio: On page 220, line 25, strike out "\$5,000,000" and insert in lieu thereof "\$10,000,000."

Mr. HAYS of Ohio. Mr. Chairman, in the interest of conserving time, there is another amendment on the next page and I ask unanimous consent to have it read and considered with this amendment.

There being no objection, the Clerk read the amendment as follows:

Amendment offered by Mr. HAYS of Ohio: On page 222, line 16, strike out "\$10,000,000" and insert in lieu thereof "\$20,000,000."

Mr. HAYS of Ohio. Mr. Chairman, these two amendments simply double the amount of money now in the bill for urban planning and public works planning. There is nothing in there that says that the Administrator has to give out the money unless he approves the purposes for which the money is going to be used.

It seems to me it is very uncertain about how much public works may be necessary. It may be that the Administrator will not find it necessary to use this money.

On the other hand, we cannot determine exactly what is ahead of us in the way of unemployment. I think it would be good insurance to have that money in there if the subdivisions and the urban areas need it; and if the Administrator decides that they need it, he will be able to allocate it to them so that plans can be made for substantial—and by substantial I mean permanent types of public works, something that will be useful and something that will last.

I talked about this yesterday. I do not want to belabor the point any more. I think it would be good insurance to have that amount of money there if they find it necessary to use it.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is a program in which we are feeling our way along. There is no reason why we should jump overboard on it. Somewhere along the line it was thought that the \$5 million would be sufficient to carry out the purposes of the section and it was set at that figure. There must be some limitation upon even this, meritorious as it is. I believe the amendment should be defeated for that reason. We will take another look at it next year and see if we need any more.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. BOLLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOLLING: On page 223, strike out lines 6 through 21, and renumber the succeeding sections accordingly.

Mr. BOLLING. Mr. Chairman, this is extremely important, but I must take a few moments to tell the Committee that when we go back in the House I intend to offer a motion to recommit to provide for the Eisenhower recommendation on public housing, in other words 35,000 units for each of 4 years.

The amendment I have offered is the second amendment on which so many of you received word from virtually every veterans' organization. It is offered in cooperation with so many Members that I cannot list them all in the time available.

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Texas.

Mr. TEAGUE. I can understand any person opposing veterans' preference because it costs an undue amount of money or because it works an undue hardship on some other segment of our population, but so far as I know this veterans' preference on the sale of this housing has not hindered a sale, has not worked a hardship on anybody, and I have never heard one complaint against it. It seems to me that anyone that believes in any kind of veterans' preference would be for striking this language from the bill. I hope the amendment will carry.

Mr. BOLLING. I thank the gentleman.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Mississippi.

Mr. COLMER. I want to express a similar hope that it will be adopted. It so happens that in my hometown these houses are being sold under the veterans' preference, and this would change the rules in the middle of the game.

Mr. BOLLING. I thank the gentleman.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BOLLING. I yield.

Mrs. ROGERS of Massachusetts. It is such a very short time that the veterans have had this preference. They had no chance to get houses earlier.

Mr. BOLLING. I thank the gentleman.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. All this does is continue the present law, which the provision in the bill now would change.

Mr. BOLLING. The gentleman is entirely correct.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it would change existing law, that is true, but it would change it to the advantage of the Government and the taxpayers.

Let us just see how serious this situation is:

The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines—

"When"—this is the limitation—when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use.

This permits him to dispose of a structure which is considered unsuitable for use by anyone as living accommodations, and we surely would not want him to

sell this type of structure to a veteran to be used by him as a home.

(2) it is being used at the time of disposition for other than dwelling purposes.

Of course the veteran would not want a preference to buy an old, rundown shack that is being used as a garage, for a dwelling house, if it was not suitable for his use as a home.

(3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950, to veterans and occupants prior to enactment of said act.

This would permit the Administrator to sell it instead of putting it on the shelf and keeping it vacant.

(4) it is to be sold with a requirement that it be removed from its present location.

So if they are demolishing it under a slum clearance or urban renewal project, or cleaning up the area, then they can do so without having to keep it around permanently available for some veteran who might want it. That is how serious this situation is.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. BOLLING].

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 118, noes 56.

So the amendment was agreed to.

Mr. MULTER. Mr. Chairman, I ask unanimous consent that Members may extend their remarks at that point in the Record immediately prior to the vote on the last amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FINO. Mr. Chairman, I wish to state my objection to section 901 of the Housing Act of 1954.

This proposed section gives the Housing and Home Finance Administration the power to dispose of any permanent war housing without regard to the preferences of veterans. This contemplated action is contrary to the present law—Public Law 475 of the 81st Congress—which gives preference in the purchase of any permanent war housing to veterans over other purchasers.

To allow this section to remain in this bill would be a direct blow to our veterans and their preferences in buying surplus war housing.

What possible reason can we give to our veterans for taking away their rights? One of the reasons we did enact the veterans' preference law was to help a veteran to reestablish and rehabilitate himself in civilian life—give him a chance to buy a war surplus home.

If we permit this section to remain in the bill, we would be taking away from a veteran the preference established under law. I am sure this Congress does not want to be accused of doing exactly that.

I shall support the amendment offered because it will reestablish and continue the principles of veterans' preference in the field of housing.

Mr. LUCAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCAS: On page 226, line 25, insert a new section 907 as follows:

"In the selection of new tenants in all housing units under this act, preference shall be shown to applicants who are recipients of old-age pensions."

Mr. LUCAS. Mr. Chairman, the purpose of this amendment is clearly shown. It is to give preference to those who are drawing old-age pensions. I have had experience in public-housing units in my own district where discrimination has been shown against those who are drawing old-age pensions in their attempts to get quarters in the very excellent public housing in Fort Worth. They have not been shown proper consideration and indeed have in many instances, been denied admittance. I think if the Federal Government is going to contribute to old-age pensions, as it does, then we ought to show some preference and by that means reduce the expenses of the Government. To reduce their rent will ease their burdens under the rising costs of living. I think it is only fair that we should show preference to those who are drawing old-age pensions. One of the first things that is considered in determining the amount of old-age pension is the amount of rent that a person eligible to such old-age pension has to pay. And if we can reduce that rent, then it may be possible that we can reduce the amount of the pension that we have to pay and thus reduce the overall cost of this very beneficent program.

Mr. SECREST. Mr. Chairman, will the gentleman yield?

Mr. LUCAS. I yield.

Mr. SECREST. Would this have any effect on the rule followed in a good many communities of giving preference to veterans? Would it in any way affect that?

Mr. LUCAS. I have no intention of affecting that.

Mr. SECREST. I know you do not, but I was just wondering and I am sure the gentleman does not want to affect veterans' preference in any way because his record in behalf of the veterans is superb. I wanted the record to show that that was not the intent of the amendment, and that it would not affect veterans' preference.

Mr. LUCAS. I think the veterans in my district as the veterans in your district would want old-age pensioners to get this preference, but my amendment does not affect the rights, the deserved rights, of veterans under this law.

Mr. POAGE. This would not cost the Government one penny, would it?

Mr. LUCAS. Not a penny.

Mr. POAGE. It would save the taxpayers a substantial amount of money. If the Government is now paying even a part of the rent for these elderly people, would it not be good for them and good for the Government to let them live in this housing for which the Government is paying?

Mr. LUCAS. Absolutely.

Mr. POAGE. It will give preference to people clearly in need because if these people were not in need they would not be pensioned.

Mr. LUCAS. That is exactly right.

Mr. POAGE. That is supposed to be the test for public housing, is it not, people who need the help?

Mr. LUCAS. Certainly.

Mr. POAGE. The test has already been given in this case, has it not?

Mr. LUCAS. That is right. What is wrong with giving our old-age pensioners a break?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. LUCAS].

The question was taken; and on a division (demanded by Mr. POWELL) there were—ayes 66, noes 54.

Mr. JAVITS. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

Mr. POWELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POWELL: On page 223, after line 22, insert the following new section to be appropriately numbered and to read:

"SEC. —. The aids and powers made available under the several titles of this act are not to be conditioned or limited in any way on account of race, religion, or national origin of the builders, lenders, renters, buyers, or families to be benefited."

Mr. POWELL. Mr. Chairman, I present this to you as a simple moral issue and say to you that what we have done today will be circumvented by the administrators of this act as they have circumvented previous housing acts, unless this amendment carries.

There is discrimination practiced in this country against all minorities, a discrimination which directly affects them and which indirectly affects you because regardless of how high you may build our new towers and how beautiful the surroundings of our new slum clearance areas may be there will penetrate your lives people suffering from slum shock. You cannot avoid them in this integrated world—bringing with them all of the diseases, all of the crime, and all of the kindred ills of the slums.

The way the act is now set up it is not administered fairly. This is a confession that we have received from previous administrators and from the new one.

Finally, I am jealous of this body and I would like to see it take its place along with other branches of our American life including our Chief Executive and the Supreme Court in the forefront of making America to be America.

We stand at the verge of an Armageddon between the enslaved and the free. We stand a great Nation, the greatest the world has ever seen; but we are not morally prepared for this hour. This amendment will clean us up and let the voice of conscience speak again with clearness. This will let the people know that America is a land of the free regardless of race, creed, or color; and the home of the brave regardless of national origin.

I ask you for your vote on this amendment.

Mr. JAVITS. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS as a substitute for the amendment offered by

Mr. POWELL: On page 223, after line 22, insert the following new section:

"The Federal Housing Commissioner shall make such rules and regulations in connection with his functions under the National Housing Act as may be necessary to cause the issuance of commitments for mortgage insurance under the titles of the act to give adequate consideration to the housing needs of minority groups without discrimination or segregation not now adequately supplied by new or sound or reconditioned existing housing."

Mr. JAVITS. Mr. Chairman, this amendment tightens up in language what the gentleman from New York [Mr. POWELL] seeks to do. It gives the Federal Housing Commissioner the power to decide how he will handle it, but its fundamental purpose is to say that projects which are backed with FHA guaranties shall not be segregated projects or have discrimination in them on account of race, creed, color, or national origin.

The President made this pledge in a speech when he said:

Whenever the Federal Government has responsibility, wherever it collects taxes from you to spend money, whether it be in a contract for recreational facilities or anything else that it does for a citizen of the United States, there will be no discrimination as long as I can help it in private or public life. * * * Wherever funds are used, where Federal authority extends, there will be fairness.

Minority groups are not being adequately housed and the fault is lack of mortgage money. That has been found to be true by the National Association of Home Builders which finds in its magazine, March 1954, NAHB Correlator, that lack of mortgage money is responsible for 40 percent of the lack of activity in the field of housing minority groups.

How do you get mortgage money? The only way is by enabling the minority groups to get into projects for which lenders will lend. The Housing and Home Finance Agency is trying to encourage projects to include minorities, but that is not the way the job can be done, laudable as it is. You have to go directly to the root of the problem, which is to take the segregation lid off projects made possible by FHA guaranteed mortgages if minority groups are really to have housing opportunity.

Mr. POWELL. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from New York.

Mr. POWELL. May I say that pride of authorship means nothing in a vital issue like this, and I shall support the gentleman's amendment. I hope it prevails.

Mr. JAVITS. I thank the gentleman for his remarks. We have been talking about housing for minority groups all afternoon. This is a direct way, by this amendment, in which to get housing for minority groups, not those alone who need public housing but all minority groups in all income levels.

I trust the Committee will adopt this amendment.

Mr. PELLY. Mr. Chairman, I rise in support of the substitute amendment of the gentleman from New York [Mr. JAVITS] to include minorities and other

low-income families on a control program basis. In the past few years, we have had men in high places giving lip service to the program of antisegregation. Now we have a man in the White House whose actions speak louder than words.

Here in the District of Columbia, the newspapers have been describing the living conditions and delinquency in precinct No. 2. Do you think for a moment that if Washington had decent housing for minority and low-income groups that the crime rate would be so high in this precinct or in other sordid areas?

In eliminating slums, there must be housing accommodations to which these people can move. If minority groups cannot find decent housing, they are forced to create more and worse slums in other areas.

This amendment would be in line with President Eisenhower's wish to banish racial prejudice. With all the emphasis at my command, I plead and urge you, my colleagues, to support this substitute amendment.

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

(Mr. MULTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MULTER. Mr. Chairman, I am supporting the amendment of the distinguished gentleman from New York [Mr. POWELL].

I will read the following letter and statement by Clarence Mitchell, director of the National Association for the Advancement of Colored People, which tells the story better than I could:

NATIONAL ASSOCIATION FOR THE
ADVANCEMENT OF COLORED PEOPLE,
New York, N. Y., March 29, 1954.

HON. ABRAHAM J. MULTER,
House Banking and Currency Committee,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN MULTER: Although we requested time to appear before the House Banking and Currency Committee, we were denied an opportunity to state our views on the need for an amendment to prevent discrimination in housing programs that are assisted by the Federal Government.

The Senate Banking and Currency Committee was fair enough to give us a hearing and I am enclosing a copy of the testimony we presented. We hope that you will seriously consider the proposed amendment, which appears on page 1 in the third paragraph.

You realize, of course, that discriminatory practices of the housing agencies continue, despite FHA assurances given to you in 1951 that no amendment was needed.

We urge that committee members give it their full support when it is offered on the floor.

Sincerely yours,

CLARENCE MITCHELL,
Director, Washington Bureau.

STATEMENT OF CLARENCE MITCHELL, DIRECTOR
OF THE WASHINGTON BUREAU, NAACP, BE-
FORE THE BANKING AND CURRENCY COMMIT-
TEE

Mr. Chairman and gentlemen of the committee, I am Clarence Mitchell, director of the Washington bureau of the National Association for the Advancement of Colored People.

Our organization requests that the Housing Act be amended to provide for protection against the growing pattern of segregation which is promoted by housing officials of the Federal Government.

Our proposed amendment reads: "The aids and powers made available under the several titles of this act are not to be conditioned or limited in any way on account of race, religion, or national origin of builders, lenders, renters, buyers, or families to be benefited."

We are firmly convinced that the housing agencies now have full authority to issue regulations which will prevent segregation in housing that is financed on a whole or part by Federal funds.

The Federal Government has clear authority to require that public housing and facilities or housing in redeveloped areas must be available to all qualified renters, buyers, or users without regard to race.

The Federal Government has clear authority under present law to require that FHA insured property must be available to all qualified persons without regard to race as a condition of obtaining Federal insurance.

Unfortunately, the Federal agencies have never had the courage to exercise this authority, and, for that reason, we are asking that your committee amend the Housing Act to provide that as a condition of receiving Federal assistance in the form of loans, grants or insurance, Government agencies and others must agree that housing and other facilities made possible by such grants, loans, or insurance must be available to all qualified persons without regard to race.

The present housing policies are a somewhat wordy echo of previous discriminatory practices which have been in effect ever since the Federal Government entered the housing field.

As evidence of our effort to correct this problem, I would like to submit for the records a memorandum sent by our organization to Mr. Raymond Foley, Administrator of the Housing and Home Finance Agency on January 11, 1952.

The CONGRESSIONAL RECORDS of August 15, 1951 (pp. 10293 and 10297) and June 27, 1953 (pp. 7752-7753) show that the housing agencies have consistently tried to make the Congress believe that existing regulations prevented the kind of abuse that we have set forth in our memorandum.

Under the new Housing Administrator, Mr. Albert Cole, the situation has not improved, although a great many words have been spoken and written by Mr. Cole and his subordinates on this subject.

We are convinced that when the President mentioned minority-group problems in his housing message of January 25, he intended to reaffirm his important principle that Federal funds should not be used to promote and expand racial segregation and discrimination.

Despite the President's fine intentions, Mr. Cole and his subordinates continue to approve housing policies which permit housing patterns that would not in any sense embarrass the Malan government of South Africa, which is openly dedicated to a program of complete racial segregation.

The same memorandum that we submitted to Mr. Foley was submitted to Mr. Cole for consideration. As yet, we have not had any promise that the housing agency will change these practices that we have complained about.

If the committee wishes to get a firsthand picture of how the Government is being used to promote racial segregation, I recommend that a trip be made to Savannah, Ga., and Baltimore, Md.

The Savannah trip will reveal that land in the middle of a slum area populated by

colored people has been cleared, and a low-rent project has been built there. This project sharply contrasts with the surrounding area in that there are grass plots, trees, play areas, paved streets, and a general atmosphere of cleanliness. It is occupied exclusively by white people. All around it are the shacks and unpaved streets where the colored people must live.

A trip to Baltimore would reveal the workings of a slum clearance and urban-redevelopment program under the present policies. In that city, a plan is afoot to redevelop an area adjacent to a State-owned armory. For years, white residents in the area have vigorously fought to keep colored people from owning homes in the neighborhood.

Now these forces which express themselves through an organization known as the Mount Royal Association are seeking to extend policies of enforced racial segregation to the armory site. The boundary lines of the proposed project have been so drawn that the Western Maryland Dairy, which is owned by white people, certain warehouses, also owned by whites, a white church, and a considerable parcel of white occupied residential property will be allowed to remain in the area which is to be cleared. Those in charge of the program say they are trying to create a Beacon Hill in Baltimore.

On the other hand, the redeveloped portion is expected to restrict colored occupancy to a walk-up type of apartment building, immediately adjacent to an area already occupied by colored people. An elevator type of apartment building for white people will be built which is immediately adjacent to the white section.

Although there are a number of substantial properties such as churches and homes now occupied or used by colored people, these will be demolished along with slum-type dwellings. The residents and users will be forced to find accommodations outside the area.

There is little hope that the national housing officials will remedy this condition because the father of the Baltimore idea, a Mr. Richard Steiner, has been made the Deputy Director of the Division of Slum Clearance and Urban Redevelopment of HHFA.

In such developments, the colored families are not only ousted from their land areas, but they are frequently cheated out of a fair price for their property.

An example of this was given by Mr. Buren B. Day, an Oklahoma City, Okla., real-estate man who appeared before the Housing Subcommittee on Veterans' Affairs on December 6, 1953. Mr. Day pointed out that local appraisers had lowered the value of land when they turned in their reports, because the property was occupied by "a bunch of coons right out there by the river, not very much value." Mr. Day pointed out that these same appraisers are now used by the Veterans' Administration in housing matters. The reference may be found on page 3027 of the housing hearings.

Of course, other communities may be a little more polished in their statements, but our experience shows that they, also, follow the practice of reducing values of property just because it is occupied by colored people.

In the Savannah case that I have mentioned previously, a colored Presbyterian Church was located in the area that was cleared. At first, the congregation was offered \$8,000 for the property. Later, the price was raised to \$13,000. However, when the case was taken to court, the congregation won a \$40,000 judgment.

There are numerous illustrations of FHA promoted segregation, many of which are in the Maryland and Virginia areas around Washington. However, the most colossal of FHA discriminatory policies may be found at

Levittown, Pa., where thousands of new dwellings are built in an entirely new community with FHA assistance. Mr. Levitt refuses to let any colored person buy or rent one of these houses.

These illustrations show clearly that our amendment is needed to halt Federal sponsorship of racial discrimination in housing. Therefore, we urge that it be included in the bill.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from New York [Mr. JAVITS].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 87, noes 110.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. POWELL].

The question was taken; and on a division (demanded by Mr. POWELL) there were—ayes 74, noes 113.

So the amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 215, strike out the sentence beginning on line 8 and ending on line 11.

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 219, after line 13 insert the following new section:

"SEC. 710. Service as a member of the national committee or of a regional subcommittee shall not constitute any form of service, employment, or action within the provisions of sections 281, 283, 434, or 1914 of title 18 of the United States Code, or within the provisions of section 910 of the revised statutes (5 U. S. C., sec. 99)."

Mr. WOLCOTT. Mr. Chairman, this merely waives the conflict of interest statute in respect to those people working on a voluntary basis.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 107, line 22, insert "2" after the word "section."

Page 115, line 20, strike "funds" and insert "fund."

Page 124, line 9, strike "operations" and insert "operation."

Page 155, line 6, strike the comma after "utilized."

Page 156, line 16, insert comma after "title."

Page 159, line 21, strike the comma after "investors."

Page 162, line 15, strike "not" and insert "no."

Page 165, line 21, strike "obligation" and insert "obligations."

Page 168, line 9, strike "outstanding" and insert "outstanding."

Page 192, line 22, strike "publicly owned" and insert "publicly-owned."

Page 192, line 23, insert comma after "utilities."

Page 196, line 2, strike "Territories" and insert "territories."

Page 197, line 15, strike "of" and insert "or."

Page 206, line 18, strike "Associations" and insert "association."

Page 222, line 23, strike out "Territory" and insert "territory."

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment for the purpose of discussing the amendment that came up so quickly I did not know what it was all about. It was on page 215, commencing at line 8 and going down to line 11. I understand the language was stricken out. When I discovered what was about to be done, I did not object to it, although I did not have any notice of it and I do not think it was mentioned in the committee in executive session. It was brought up without notice. I did not object to it for the reason that the language is unnecessary. Under existing law the Administrator may do just exactly that. He may utilize the services of the Federal Reserve banks, because the Federal Reserve banks are the fiscal agents of the United States Government. This stricken language is unnecessary.

But I certainly do not want anything to pass here indicating that we are changing or repealing existing law.

The CHAIRMAN. The question is on the amendment of the gentleman from Michigan [Mr. WOLCOTT].

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 212, after line 2, insert the following new section:

"SEC. 604. All laws, regulations, and other actions relating to the Federal Savings and Loan Insurance Corporation shall, on and after the effective date of the Housing Act of 1954, be deemed to relate to the Federal Savings Insurance Corporation."

Mr. WOLCOTT. Mr. Chairman, we have changed the name of the Federal Savings and Loan Insurance Corporation to the Federal Savings Insurance Corporation. This merely changes the name wherever it appears in the existing law. Where it is referred to as the Federal Savings and Loan Insurance Corporation, the reference is to the Federal Savings Insurance Corporation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The amendment was agreed to.

The CHAIRMAN. The question is on the committee substitute for the bill.

The committee substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. REECE of Tennessee, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, pursuant to House Resolution 485, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. BOLLING. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BOLLING. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BOLLING moves to recommit the bill (H. R. 7839) to the Committee on Banking and Currency with instructions to report the same back to the House forthwith with the following amendments: After title V, low-rent public housing, insert the following new section:

"SEC. 501. Notwithstanding any other provision of law, the Public Housing Administration, with respect to low-rent housing projects under the United States Housing Act of 1937 initiated after March 1, 1949, may authorize the commencement of construction of not to exceed 35,000 dwelling units during the fiscal year 1955, and not to exceed 35,000 additional dwelling units during each of the fiscal years 1956, 1957, and 1958, and may enter into such agreements, contracts, and other arrangements for the construction of such dwelling units as may be necessary."

And renumber the four succeeding sections accordingly.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. McCORMACK. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 176, nays 211, answered "present" 1, not voting 46, as follows:

[Roll No. 46]

YEAS—176

Addonizio	Cannon	Frazier
Albert	Carnahan	Frelinghuysen
Andrews	Celler	Friedel
Angell	Chelf	Fulton
Aspinall	Chudoff	Garmatz
Auchincloss	Condon	Goodwin
Ayres	Cooper	Gordon
Bailey	Corbett	Granahan
Baker	Coudert	Grant
Barrett	Cretella	Green
Bennett, Fla.	Crosser	Gregory
Blatnik	Curtis, Mass.	Haley
Boggs	Dawson, Ill.	Halleck
Boland	Deane	Hand
Bolling	Delaney	Harden
Bolton	Dodd	Hart
Frances P.	Dollinger	Hays, Ohio
Bowler	Donohue	Heller
Bray	Donovan	Heseltun
Brooks, Tex.	Dorn, N. Y.	Holifield
Brown, Ga.	Doyle	Holmes
Brownson	Eberharter	Holtzman
Buchanan	Edmondson	Howell
Buckley	Elliott	Javits
Burdick	Engle	Johnson, Wis.
Byrd	Feighan	Jones, Ala.
Byrne, Pa.	Fine	Judd
Camp	Fogarty	Karsten, Mo.
Campbell	Forand	Kean
Canfield	Forrester	Kee

Kelly, N. Y.
Keogh
Kersten, Wis.
King, Calif.
Kirwan
Klein
Landrum
Lane
Lanham
Lantaff
Lesinski
Long
McCarthy
McCormack
Machrowicz
Mack, Ill.
Madden
Magnuson
Mailliard
Marshall
Marrow
Metcalf
Miller, Kans.
Mollohan
Morano
Morrison
Moss
Multer
Natcher

O'Brien, Ill.
O'Brien, Mich.
O'Brien, N. Y.
O'Hara, Ill.
O'Konski
O'Neill
Patman
Patterson
Pelly
Perkins
Pfost
Philbin
Pillcher
Polk
Powell
Price
Priest
Rabaut
Radwan
Rains
Rayburn
Reams
Rhodes, Pa.
Rodino
Rogers, Colo.
Rogers, Mass.
Rooney
Roosevelt
Sadiak

Saylor
Scott
Secrest
Shelley
Sieminski
Sikes
Spence
Springer
Staggers
Sullivan
Taylor
Thompson, Tex.
Thornberry
Tollefson
Trimble
Vinson
Walter
Wampler
Watts
Widnall
Wigglesworth
Williams, N. J.
Wilson, Calif.
Wilson, Ind.
Withrow
Wolverton
Yates
Younger
Zablocki

NAYS—211

Abbitt
Abernethy
Adair
Alexander
Allen, Calif.
Allen, Ill.
Andersen,
H. Carl
Andresen,
August H.
Arends
Ashmore
Barden
Bates
Beamer
Belcher
Bennett, Mich.
Bentsen
Berry
Betts
Bishop
Bolton,
Oliver P.
Bonin
Bonner
Bosch
Bow
Brooks, La.
Brown, Ohio
Broyhill
Budge
Burleson
Busbey
Bush
Byrnes, Wis.
Carrigg
Cederberg
Chatham
Chenoweth
Church
Clevenger
Cole, Mo.
Cole, N. Y.
Colmer
Cooley
Coon
Cotton
Crumpacker
Cunningham
Curtis, Mo.
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Wis.
Dawson, Utah
Dempsey
Derounian
Devereux
D'Ewart
Dies
Dolliver
Dondero
Donohue
Donovan
Dorn, N. Y.
Dowdy
Doyle
Durham
Eberharter
Edmondson
Elliott
Ellsworth
Engle
Evins
Fallon
Feighan
Fenton
Fernandez
Fisher
Fogarty
Forand
Ford
Forrester
Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gathings
Gavin
Gentry
George
Golden
Goodwin
Gordon
Graham
Grant
Gregory
Gross
Gubser
Gwinn
Hagen, Calif.
Hagen, Minn.
Haley
Halleck
Hand
Harden
Harris
Harrison, Nebr.
Harrison, Wyo.
Hart
Hays, Ohio
Hébert
Herlong
Heselton
Hess
Hiestand
Hill
Hillelson
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holt
Hope
Horan
Hosmer
Hruska
Hunter
Hyde
Ikard
Jackson
Jarman
Jenkins
Johnson, Calif.
Jonas, Ill.
Jonas, N. C.
Jones, Mo.
Jones, N. C.
Kearney
Kearns
Keating
Kilburn
Kilday
King, Pa.
Knox
Laird
Latham
LeCompte
Lipscomb
Lovre
Lucas
McConnell
McCulloch
McDonough
McGregor
McVey
Mack, Wash.
Mahon
Martin, Iowa
Matthews
Mason
Merrill
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mumma

Gary
Gathings
Gavin
Gentry
George
Golden
Graham
Gross
Gubser
Gwinn
Hagen, Minn.
Hardy
Harris
Harrison, Nebr.
Harrison, Va.
Harrison, Wyo.
Hébert
Herlong
Hess
Hiestand
Hill
Hillelson
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holt
Hope
Horan
Hosmer
Hruska
Hunter
Hyde
Ikard
Jackson
Jarman
Jenkins
Johnson, Calif.
Jonas, Ill.
Jonas, N. C.
Jones, Mo.
Jones, N. C.
Kearney
Kearns
Keating
Kilburn
Kilday
King, Pa.
Knox
Laird
Latham
LeCompte
Lipscomb
Lovre
Lucas
McConnell
McCulloch
McDonough
McGregor
McVey
Mack, Wash.
Mahon
Martin, Iowa
Matthews
Mason
Merrill
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mumma

Murray
Neal
Nicholson
Norblad
Norrell
Oakman
O'Hara, Minn.
Osmer
Ostertag
Passman
Phillips
Pillion
Poage
Poff
Prouty
Ray
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.
Riehlman
Riley
Rivers
Robeson, Va.
Rogers, Fla.
Rogers, Tex.
St. George
Schenck
Scherer
Scrivner
Scudder
Selden
Shafer
Sheehan
Short
Shuford
Simpson, Ill.
Small
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Stauffer
Steed
Stringfellow
Taber
Talle
Teague
Thomas
Thompson, La.
Thompson, Mich.
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vorys
Warburton
Westland
Wharton
Wheeler
Whitten
Wickersham
Williams, Miss.
Williams, N. Y.
Willis
Winstead
Withrow
Wolcott
Young

ANSWERED "PRESENT"—1

Mills

NOT VOTING—46

Battle
Becker
Bender
Bentley
Boykin
Bramblett
Carlyle
Chiperfield
Clardy
Davis, Tenn.
Dingell
Dorn, S. C.
Fino
Fountain
Hagen, Calif.
Hale

Harvey
Hays, Ark.
James
Jensen
Kelley, Pa.
Kluczynski
Krueger
Lyle
McIntire
McMillan
Miller, Calif.
Morgan
Moulder
Nelson
Patten
Preston

Regan
Richards
Roberts
Robson, Ky.
Seely-Brown
Sheppard
Simpson, Pa.
Sutton
Vursell
Wainwright
Weichel
Wier
Wilson, Tex.
Yorty

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Seely-Brown for, with Mr. Wilson of Texas against.
Mr. Fino for, with Mr. Regan against.
Mr. Bender for, with Mr. Lyle against.
Mr. Robson of Kentucky for, with Mr. Nelson against.
Mr. Hays of Arkansas for, with Mr. Wainwright against.
Mr. Kelley of Pennsylvania for, with Mr. Hale against.
Mr. Morgan for, with Mr. McIntire against.
Mr. Miller of California for, with Mr. Bramblett against.
Mr. Moulder for, with Mr. Mills against.
Mr. Sheppard for, with Mr. Clardy against.
Mr. Battle for, with Mr. Becker against.
Mr. Patten for, with Mr. Weichel against.
Mr. Preston for, with Mr. Bentley against.
Mr. Dorn of South Carolina for, with Mr. Krueger against.

Until further notice:

Mr. Simpson of Pennsylvania with Mr. Yorty.
Mr. Vursell with Mr. Kluczynski.
Mr. Jensen with Mr. Dingell.
Mr. James with Mr. Davis of Tennessee.
Mr. Chiperfield with Mr. Fountain.
Mr. Harvey with Mr. McMillan.

Mr. MILLS. Mr. Speaker, I have a live pair with the gentleman from Missouri, Mr. MOULDER. If he were present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. WOLCOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yes 352, nays 36, not voting 46, as follows:

[Roll No. 47]

YEAS—352

Abernethy
Adair
Addonizio
Albert
Alexander
Allen, Calif.
Allen, Ill.
Andersen,
H. Carl
Andresen,
August H.
Andrews
Angell
Arends
Ashmore
Aspinall
Auchincloss
Ayres
Bailey
Baker
Barden
Bates
Beamer
Belcher

Bennett, Fla.
Bennett, Mich.
Bentsen
Berry
Betts
Biatnik
Boggs
Boland
Bolton,
Frances P.
Bolton,
Oliver P.
Bonin
Bonner
Bosch
Bow
Bowler
Bray
Brooks, La.
Brooks, Tex.
Brown, Ga.
Brown, Ohio
Brownson
Broyhill

Buchanan
Budge
Burdick
Burleson
Busbey
Bush
Byrd
Byrnes, Wis.
Camp
Campbell
Cannon
Carnahan
Carrigg
Cederberg
Chatham
Chelf
Chenoweth
Church
Clevenger
Cole, Mo.
Cole, N. Y.
Colmer
Condon
Cooley

Coon
Cooper
Corbett
Cotton
Coudert
Cretella
Crosser
Crumpacker
Cunningham
Curtis, Mass.
Curtis, Mo.
Curtis, Nebr.
Dague
Davis, Ga.
Davis, Wis.
Dawson, Ill.
Dawson, Utah
Deane
Delaney
Dempsey
Derounian
Devereux
D'Ewart
Dies
Dodd
Dolliver
Dondero
Donohue
Donovan
Dorn, N. Y.
Dowdy
Doyle
Durham
Eberharter
Edmondson
Elliott
Ellsworth
Engle
Evins
Fallon
Feighan
Fenton
Fernandez
Fisher
Fogarty
Forand
Ford
Forrester
Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gathings
Gavin
Gentry
George
Golden
Goodwin
Gordon
Graham
Grant
Gregory
Gross
Gubser
Gwinn
Hagen, Calif.
Hagen, Minn.
Haley
Halleck
Hand
Harden
Harris
Harrison, Nebr.
Harrison, Wyo.
Hart
Hays, Ohio
Hébert
Herlong
Heselton
Hess
Hiestand
Hill
Hillelson
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Holifield
Holmes
Holt
Hope
Horan

Hosmer
Howell
Hruska
Hunter
Hyde
Ikard
Jackson
Jenkins
Johnson, Calif.
Johnson, Wis.
Jonas, Ill.
Jonas, N. C.
Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karsten, Mo.
Kean
Kearney
Kearns
Keating
Kee
Kersten, Wis.
Kilburn
Kilday
King, Calif.
King, Pa.
Kirwan
Knox
Laird
Landrum
Lane
Lanham
Lantaff
Latham
LeCompte
Lesinski
Lipscomb
Long
Lovre
Lucas
McCarthy
McConnell
McCormack
McCulloch
McDonough
McGregor
McVey
Machrowicz
Mack, Ill.
Mack, Wash.
Madden
Magnuson
Mahon
Mailliard
Marshall
Martin, Iowa
Matthews
Meador
Merrill
Marrow
Metcalf
Miller, Kans.
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mills
Mollohan
Morano
Morrison
Moss
Mumma
Murray
Natcher
Neal
Nicholson
Norblad
Norrell
Oakman
O'Brien, Ill.
O'Brien, Mich.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.
O'Konski
O'Neill
Osmer
Ostertag
Passman
Patman
Patterson
Pelly
Perkins
Pfost
Philbin

Phillips
Plicher
Pillion
Poage
Poff
Polk
Price
Priest
Prouty
Rabaut
Radwan
Rains
Ray
Rayburn
Reams
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Riley
Rivers
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Sadlak
St. George
Saylor
Schenck
Scherer
Scott
Scrivner
Scudder
Secrest
Selden
Sheehan
Shelley
Shuford
Sieminski
Sikes
Simpson, Ill.
Small
Smith, Miss.
Spence
Springer
Staggers
Stauffer
Steed
Stringfellow
Sullivan
Taber
Talle
Taylor
Teague
Thomas
Thompson, La.
Thompson, Mich.
Thompson, Tex.
Thornberry
Tollefson
Trimble
Utt
Van Pelt
Van Zandt
Velde
Vinson
Vorys
Walter
Wampler
Warburton
Westland
Wharton
Wheeler
Whitten
Widnall
Wigglesworth
Williams, Miss.
Williams, N. J.
Williams, N. Y.
Willis
Wilson, Calif.
Wilson, Ind.
Winstead
Withrow
Wolcott
Wolverton
Yates
Young
Younger
Zablocki

NAYS—36

Dollinger
Fine
Granahan
Green
Hardy
Harrison, Va.
Heller
Hoffman, Mich.
Holtzman

Jarman
Javits
Kelly, N. Y.
Keogh
Klein
Mason
Multer
Powell
Robeson, Va.

Rooney
Roosevelt
Shafer

Short
Smith, Kans.
Smith, Va.

Smith, Wis.
Tuck
Wickersham

NOT VOTING—46

Battle
Becker
Bender
Bentley
Boykin
Bramblett
Carlyle
Chiperfield
Clardy
Davis, Tenn.
Dingell
Dorn, S. C.
Fino
Fountain
Hale
Harvey

Hays, Ark.
James
Jensen
Kelley, Pa.
Kluczynski
Krueger
Lyle
McIntire
McMillan
Miller, Calif.
Morgan
Moulder
Nelson
Patten
Preston
Regan

Richards
Roberts
Robson, Ky.
Seely-Brown
Sheppard
Simpson, Pa.
Sutton
Vursell
Wainwright
Watts
Weichel
Wier
Wilson, Tex.
Yorty

So the bill was passed.

The Clerk announced the following pairs:

Mr. Simpson of Pennsylvania, with Mr. Boykin.
Mr. Wainwright with Mr. Dingell.
Mr. Weichel with Mr. Yorty.
Mr. Seely-Brown with Mr. Kluczynski.
Mr. Clardy with Mr. Battle.
Mr. McIntire with Mr. Preston.
Mr. Becker with Mr. Patten.
Mr. Bramblett with Mr. Kelley of Pennsylvania.

Mr. James with Mr. Morgan.
Mr. Vursell with Mr. Hays of Arkansas.
Mr. Jensen with Mr. Miller of California.
Mr. Krueger with Mr. Sheppard.
Mr. Nelson with Mr. Fountain.
Mr. Robson of Kentucky with Mr. Dorn of South Carolina.
Mr. Hale with Mr. Moulder.
Mr. Harvey with Mr. Regan.
Mr. Fino with Mr. Lyle.
Mr. Chiperfield with Mr. Wilson of Texas.
Mr. Bentley with Mr. McMillan.
Mr. Bender with Mr. Sutton.

Mr. O'KONSKI changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that in the enrolling of the bill such changes in section numbers as are necessary may be made.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

GENERAL PERMISSION TO REVISE AND EXTEND

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

LEGISLATIVE PROGRAM FOR NEXT WEEK

(Mr. HALLECK asked and was given permission to address the House for 1 minute.)

Mr. HALLECK. Mr. Speaker, the program for next week will be as follows:

On Monday we will call the Consent Calendar and start consideration of the

Interior Department appropriation bill, confining the work on the bill that day to general debate.

On Tuesday we will call the Private Calendar and continue with consideration of the Interior Department appropriation bill, reading it under the 5-minute rule.

On Wednesday we will consider H. R. 8649, the antitraitor bill.

On Thursday, Friday, and the balance of the week we will consider the following: H. R. 569, H. R. 2556, and S. 984.

If there is any further program it will be announced after consultation with the minority leaders. Of course, conference reports are in order at any time.

ADJOURNMENT UNTIL MONDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

ADDITIONAL APPROPRIATION FOR THE DEPARTMENT OF LABOR

Mr. TABER submitted the following conference report and statement on the bill (H. J. Res. 461) making additional appropriation for the Department of Labor:

CONFERENCE REPORT (H. REPT. 1469)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 461) "making an additional appropriation for the Department of Labor for the fiscal year ending June 30, 1954, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 1.

FRED E. BUSBEY,
HAMER H. BUDGE,
JOHN TABER,
JOHN E. FOGARTY,

Managers on the Part of the House.

STYLES BRIDGES,
HOMER FERGUSON,
GUY CORDON,
CARL HAYDEN,
RICHARD B. RUSSELL,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 461) making an additional appropriation for the Department of Labor for the fiscal year 1954, submit the following statement in ex-

planation of the effect of the action agreed upon and recommended in the accompanying conference report as to such amendment, namely:

DEPARTMENT OF LABOR

Bureau of Employment Security

Amendment No. 1: Appropriates \$478,000 as proposed by the House instead of \$542,000 as proposed by the Senate, for the Mexican farm labor program.

In view of the Comptroller General's decision (B-119354, dated April 1, 1954) which provides that the cost of medical examinations may be charged to the employers of Mexican agricultural workers rather than to this appropriation, the conferees are in agreement that the funds allowed will be more than sufficient to permit the opening and operation of the additional station at Hidalgo. Furthermore, the conferees suggest that the Bureau of the Budget review the program with the idea of impounding any funds that may be in excess of minimum requirements in view of the above-mentioned decision and the relatively short period remaining in the fiscal year 1954.

FRED E. BUSBEY,
HAMER H. BUDGE,
JOHN TABER,
JOHN E. FOGARTY,

Managers on the Part of the House.

JAMES P. McGRANERY

(Mr. BARRETT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BARRETT. Mr. Speaker, many of our colleagues here today had the pleasure of serving in this body with the Honorable James P. McGranery. Before making his distinguished record as Attorney General of the United States in 1952, Jim McGranery was a seasoned lawyer, elected to the United States House of Representatives for four consecutive terms, appointed as Assistant to the Attorney General—1943-46—and United States Federal court judge for the eastern district of Pennsylvania. Jim McGranery is admired by all of his friends and business associates for his highly trained, developed and mature legal mind. Also included among his many accomplishments is a comprehensive knowledge of intricate matters of national and international concern. Having served in high-ranking positions in all fields of government—legislative, judiciary, and executive, Jim McGranery is well equipped as a specialist in national and international law. His return to private law practice is indeed a gain to the legal profession and the Nation's Capital.

James P. McGranery announces the opening of law offices for the general practice of law, STerling 3-5350, Barr Building, Washington, D. C.

EXPLANATION OF PROVISIONS OF EXCISE TAX REDUCTION ACT OF 1954

(Mr. REED of New York asked and was given permission to address the House.)

Mr. REED of New York. Mr. Speaker, the recent action of Congress in passing the Excise Tax Reduction Act of 1954 has been of great interest to the public and businessmen. I should like to insert at this point in the RECORD an explana-

tion prepared by the Internal Revenue Service of the provisions of the bill to serve as a guide to interested persons:

EXPLANATION OF THE PROVISIONS OF THE EXCISE TAX REDUCTION ACT OF 1954 (PUBLIC LAW 324, 83D CONG.), APPROVED MARCH 31, 1954

AUTOMATIC RATE REDUCTIONS POSTPONED

The rate reductions on the following articles which were to become effective on April 1, 1954, have been postponed until April 1, 1955: automobiles, trucks, motorcycles, etc., and parts and accessories therefor; gasoline, diesel fuel; cigarettes; distilled spirits generally; imported perfumes containing distilled spirits; still wines; sparkling wines, liqueurs, and cordials; and fermented malt liquors.

TAXES ON ADMISSIONS, DUES AND CABARETS

On and after April 1, 1954, the admissions tax on single or season tickets is 1 cent for each 10 cents or major fraction thereof. For this purpose 5 cents is not considered a major fraction. Thus the tax on a charge of 55 cents for admission will, beginning April 1, 1954, be 5 cents. If the charge is 56 cents, the tax applicable thereto is 6 cents. In the case of amounts charged for admission to a horse or dog racetrack, the tax continues at the rate of 1 cent for each 5 cents or major fraction thereof.

Beginning with April 1, 1954, exemption from the tax is provided if the amount paid for admission is 50 cents or less. Admission payments in excess of 50 cents are subject to tax on the total admission charge. This exemption also applies to a season ticket or subscription, if the amount which would be charged for a single admission is 50 cents or less. No change has been made in the tax applicable to charges for admissions, refreshments, services, and merchandise at cabarets, roofgardens and similar establishments. The 20-percent tax continues on such charges.

The present exemption from the admissions tax applicable to an athletic game between two elementary or secondary schools where the proceeds inure to the benefit of a hospital for crippled children has been broadened so as to apply to an athletic game between teams which are composed of students from elementary or secondary schools. This permits an exemption from tax in the case of admissions to all-star games in which the teams are made up of students from different elementary or secondary schools, provided, of course, that the proceeds go to a hospital for crippled children.

The new law also provides for exemption from tax for admissions to athletic games and exhibitions, including wrestling and boxing matches, between educational institutions provided they are held during the regular athletic season for the particular activity involved and provided that the proceeds inure exclusively to the benefit of the participating educational institutions. However, admissions to postseason games, such as bowl games, continue to be subject to tax.

The exemption applicable to admissions to historic sites, houses, and shrines, and museums conducted in connection therewith, which are maintained and operated by certain non-profit societies and organizations has been broadened to include museums of history, art, or science, and to planetariums, and has been made to apply to such places maintained and operated by States, their political subdivisions, and the United States.

A new exemption from the tax on admissions is provided for amateur performances which are presented and performed by a civic or community theater group, subject to the requirement that no part of its net earnings inures to the benefit of any private stockholder or individual.

The tax rate of 20 percent on club dues and fees continues to apply.

Generally, the new tax rates apply to amounts paid for admissions on or after April 1, 1954. However, in the case of season tickets or subscriptions, and payments made for permanent use of a box or seat thereof, the new rates apply if all the admissions or performances can occur only on or after April 1, 1954. With respect to the admissions tax applicable to sales of tickets made outside the box office, the new rate of tax applies to the amount which is paid after March 31, 1954, for admission to an event taking place after such date.

The present stocks of serially numbered admission tickets may be used for a reasonable period of time on and after April 1 until properly printed tickets can be obtained or tickets on hand overprinted or overstamped to reflect new rates of tax. This procedure may be followed provided signs are posted conspicuously at the outer entrance and at each box office of the establishment showing the admission price, the tax, if any, and the total, and provided also that accurate and complete accounting is made by inventories of tickets, daily records of sales, etc., that will establish correct tax liability. Present stocks of tickets not serially numbered may be used for a reasonable period of time on and after April 1 but those sold after April 30, 1954, must be overprinted or overstamped. The Internal Revenue Service is giving further study to the question of ticket requirements and in the event any abuses develop with regard to this procedure further announcement will be made.

All remittances received prior to April 1, 1954, are regarded as payments for admissions under the old tax rate and the amount so collected at this rate must be paid over to the Government unless the provisions of section 506 of the Excise Tax Reduction Act of 1954 are met.

Section 506 of the act requires a ticket seller to account to the United States for any tax collected prior to April 1, 1954, at the old rate even though the admission ticket is to be used on or after such date unless he refunds the excess-tax payment to the ticket purchaser or obtains the written consent of the purchaser to apply for a refund. To obtain a credit or refund in such a case the ticket seller must have satisfactory evidence to substantiate his right to a credit or refund, such as a signed, dated statement from the ticket purchaser showing his name and address and the fact that he has obtained a refund of the excess tax or has consented to the claim for refund of such excess by the ticket seller. The reimbursement must be made or the consent obtained before the event for which the charge for admission was paid. Appropriate action must be taken by the ticket seller (such as by a notation on each ticket not surrendered in whole or in part) with respect to each ticket for which an adjustment is made in order to prevent duplicate adjustments.

If payment is made on or after April 1, 1954, for admissions to events which occurred prior to April 1, 1954, the old rate of tax applies.

TAX ON TRANSPORTATION OF PERSONS

The change from 15 percent to 10 percent in the tax rate applicable to amounts paid for transportation of persons and for the use of seats, berths, etc., is effective with respect to transportation which begins on or after April 1, 1954. Amounts paid on or after April 1, 1954, for transportation before (or which began before) April 1, 1954, are subject to tax at the 15-percent rate.

Section 506 of the act requires a ticket seller to account to the United States for any tax collected prior to April 1, 1954, at the old rate even though the transportation begins on or after such date unless he refunds the excess-tax payment to the ticket purchaser or obtains the written consent of the purchaser to apply for a refund.

The reimbursement must be made or the consent obtained before the transportation begins. To obtain a credit or refund in such a case the ticket seller must have satisfactory evidence to substantiate his right to a credit or refund, such as a signed, dated statement from the ticket purchaser showing his name and address and the fact that he has obtained a refund of the excess tax or has consented to the claim for refund of such excess by the ticket seller. Appropriate action must be taken by the ticket seller (such as by a notation on each ticket not surrendered in whole or in part) with respect to each ticket for which an adjustment is made in order to prevent duplicate adjustments. The credit or refund may not be allowed if any part of the transportation paid for, or for which payment has been obligated, commenced before April 1, 1954.

MANUFACTURERS' EXCISE TAXES

The Excise Tax Reduction Act of 1954 makes changes in rates applicable to certain of the manufacturers' excise taxes. The new rates are effective with respect to articles sold on or after April 1, 1954.

The tax on firearms, shells, and cartridges remains at 11 percent.

The tax on paper or plain wooden matches continues at 2 cents per 1,000 matches, but such tax is limited to not more than 10 percent of the price at which the matches are sold.

The tax of 6 cents a gallon on lubricating oil is continued, but in the case of cutting oils the tax is not to exceed 10 percent of the price at which the product is sold. The term "cutting oils" is defined to mean oils known commercially as cutting oils and used primarily in cutting and machining operations (including forging, drawing, rolling, shearing, punching, and stamping).

Floor stocks refund

The act permits a floor stock credit or refund on refrigerators, quick-freeze units, refrigerator components, and electric, gas, and oil appliances held for sale on April 1, 1954, by wholesalers, jobbers, distributors, and retailers. The credit or refund to be allowed is an amount equal to the difference between the tax paid by the manufacturer at the rate of 10 percent and the 5-percent rate applicable to those articles on or after April 1, 1954. As a condition for allowing the credit or refund, the manufacturer must file his claim prior to August 1, 1954, and must, prior to such date, reimburse the holder of the floor stock for the amount claimed. A similar floor stock credit or refund of the difference between the 20-percent tax rate in effect on March 31, 1954, and the 10-percent rate in effect after such date, is allowable to a manufacturer of electric light bulbs and tubes, except that in this case the manufacturer must, in addition, support his claim for credit or refund by showing that he has received, prior to July 1, 1954, a request for reimbursement from the holder of these articles.

In support of his claim for credit or refund, the manufacturer must have available for inspection by the Internal Revenue Service evidence showing the inventory of the taxable articles held by each dealer on April 1, 1954, the tax paid by the manufacturer on such inventory, the tax applicable to the inventories under the new rates, and that the dealer holding such articles has received reimbursement from the manufacturer prior to the date on which credit or refund is claimed, but not later than July 31, 1954. In the case of electric light bulbs and tubes, the manufacturer must also show the receipt of a request for reimbursement prior to July 1, 1954.

RETAILERS' EXCISE TAXES

The new tax rates applicable to sales of articles by retailers become effective with

83^D CONGRESS
2^D SESSION

H. R. 7839

IN THE SENATE OF THE UNITED STATES

APRIL 5, 1954

Read twice and referred to the Committee on Banking and Currency

AN ACT

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing Act of 1954".

4 TITLE I—FEDERAL HOUSING

5 ADMINISTRATION

6 AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

7 SEC. 101. Section 2 (b) of the National Housing Act,
8 as amended, is hereby amended—

9 (1) by striking out clause numbered (1) and in-
10 serting the following: "(1) if the amount of such loan,
11 advance of credit, or purchase exceeds \$3,000";

1 (2) by striking out of clause numbered (2) the
2 words "three years" and inserting "five years"; and
3 (3) by striking out of the first proviso "\$10,000
4 and having a maturity not in excess of seven years" and
5 inserting "\$10,000 or \$1,500 per family unit, whichever
6 is the greater, and having a maturity not in excess of
7 ten years".

8 SEC. 102. Section 2 (f) of said Act, as amended, is
9 hereby amended by adding the following at the end thereof:
10 "The account heretofore established in connection with insur-
11 ance operations under this section and identified in the
12 accounting records of the Federal Housing Administration as
13 the Title I Claims Account shall be terminated as of June
14 30, 1954, at which time all of the remaining assets of such
15 account, together with deposits therein for the account of
16 obligors, shall be transferred to and merged with the account
17 established pursuant to this subsection. Moneys in the ac-
18 count established pursuant to this subsection not needed for
19 the current operations of the Federal Housing Administration
20 may be invested in bonds or other obligations of, or in bonds
21 or other obligations guaranteed as to principal and interest
22 by, the United States."

23 SEC. 103. Section 8 of said Act, as amended, is hereby
24 amended by striking the period at the end of subsection (a)
25 and inserting a colon and the following: "*And provided*

1 *further*, That no mortgage shall be insured under this section
2 after the effective date of the Housing Act of 1954, except
3 pursuant to a commitment to insure issued on or before such
4 date.”

5 AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

6 SEC. 104. Section 203 (b) (2) of said Act, as amended,
7 is hereby amended to read as follows:

8 “(2) Involve a principal obligation (including such
9 initial service charges, appraisal, inspection, and other fees
10 as the Commissioner shall approve) in an amount not to
11 exceed \$20,000 in the case of property upon which there is
12 located a dwelling designed principally (whether or not it may
13 be intended to be rented temporarily for school purposes) for
14 a one- or two-family residence; or \$27,500 in the case of a
15 three-family residence; or \$35,000 in the case of a four-
16 family residence; and not to exceed an amount equal to the
17 sum of (i) 95 per centum of \$10,000 of the appraised value
18 (as of the date the mortgage is accepted for insurance), and
19 (ii) 75 per centum of such value in excess of \$8,000: *Pro-*
20 *vided*, That the mortgagor shall have paid on account of the
21 property at least 5 per centum (or such larger amount as the
22 Commissioner may determine) of the Commissioner’s estimate
23 of the cost of acquisition in cash or its equivalent: *And pro-*
24 *vided further*, That such mortgage shall not involve a princi-
25 pal obligation exceeding the maximum amount prescribed by

1 the provisions of this section 203 in effect prior to the effec-
2 tive date of the Housing Act of 1954, unless the President,
3 pursuant to section 201 of the Housing Act of 1954 has
4 authorized a greater maximum amount, in which event such
5 principal obligation shall not exceed such greater maximum
6 amount.”

7 SEC. 105. Section 203 (b) (3) of said Act, as amended,
8 is hereby amended to read as follows:

9 “(3) Have a maturity satisfactory to the Commissioner,
10 but not to exceed, in any event, thirty years from the date
11 of the insurance of the mortgage: *Provided*, That the ma-
12 turity of any such mortgage shall not exceed the maximum
13 maturity prescribed therefor by the provisions of this sec-
14 tion 203 in effect prior to the effective date of the Housing
15 Act of 1954, unless the President, pursuant to section 201
16 of the Housing Act of 1954, has authorized a greater ma-
17 turity, in which event the maturity of such mortgage shall
18 not exceed such greater maturity.”

19 SEC. 106. Section 203 (b) (5) of said Act, as amended,
20 is hereby amended to read as follows:

21 “(5) Bear interest (exclusive of premium charges for
22 insurance, and service charges if any) at not to exceed 5
23 per centum per annum on the amount of the principal obli-
24 gation outstanding at any time, or not to exceed such per

1 centum per annum not in excess of 6 per centum as the
2 Commissioner finds necessary to meet the mortgage market.”

3 SEC. 107. Section 203 (c) of said Act, as amended, is
4 amended by striking out of the second sentence the word
5 “*Provided*” and inserting: “*Provided*, That debentures pre-
6 sented in payment of premium charges shall represent obli-
7 gations of the particular insurance fund to which such pre-
8 mium charges are to be credited: *Provided further*”.

9 SEC. 108. Section 203 (d) of said Act, as amended, is
10 hereby amended by striking the period at the end thereof
11 and inserting a colon and the following: “*And provided fur-*
12 *ther*, That no mortgage shall be insured pursuant to this sub-
13 section after the effective date of the Housing Act of 1954,
14 except pursuant to a commitment to insure issued on or be-
15 fore such date.”

16 SEC. 109. Subsections (f) and (g) of section 203 of said
17 Act, as amended, are hereby repealed.

18 SEC. 110. Section 203 of said Act, as amended, is hereby
19 further amended by adding the following new subsection at
20 the end thereof:

21 “(h) Notwithstanding any other provision of this sec-
22 tion, the Commissioner is authorized to insure any mortgage
23 which involves a principal obligation not in excess of
24 \$7,000 and not in excess of 100 per centum of the appraised

1 value of a property upon which there is located a dwelling
2 designed principally for a single-family residence, where the
3 mortgagor is the owner and occupant and establishes (to the
4 satisfaction of the Commissioner) that his home which he
5 occupied as an owner or as a tenant was destroyed or dam-
6 aged to such an extent that reconstruction is required as a
7 result of a flood, fire, hurricane, earthquake, storm, or other
8 catastrophe which the President, pursuant to section 2 (a)
9 of the Act entitled 'An Act to authorize Federal assistance
10 to States and local governments in major disasters and for
11 other purposes' (Public Law 875, Eighty-first Congress,
12 approved September 30, 1950), as amended, has determined
13 to be a major disaster."

14 SEC. 111. Section 204 (a) of said Act, as amended,
15 is hereby amended—

16 (1) by striking out of the third sentence the words
17 "any mortgage insurance premiums paid after either
18 of such dates" and inserting "any mortgage insurance
19 premiums paid after either of such dates, and any tax
20 imposed by the United States upon any deed or other
21 instrument by which said property was acquired by the
22 mortgagee and transferred or conveyed to the Commis-
23 sioner";

24 (2) by striking out of the second proviso the words

1 “or under section 213 of this Act,” and inserting the fol-
2 lowing: “or under section 213 of this Act, or with re-
3 spect to any mortgage accepted for insurance under
4 section 203 on or after the effective date of the Housing
5 Act of 1954,”; and

6 (3) by striking the period at the end thereof and
7 inserting a colon and the following: “*And provided*
8 *further*, That, notwithstanding any requirement con-
9 tained in this Act that debentures may be issued only
10 upon acquisition of title and possession by the mortgagee
11 and its subsequent conveyance and transfer to the Com-
12 missioner, and for the purpose of avoiding unnecessary
13 conveyance expense in connection with payment of
14 insurance benefits under the provisions of this Act, the
15 Commissioner is authorized, subject to such rules and
16 regulations as he may prescribe, to permit the mortgagee
17 to tender to the Commissioner a satisfactory conveyance
18 of title and transfer of possession direct from the mort-
19 gageor or other appropriate grantor and to pay the
20 insurance benefits to the mortgagee which it would
21 otherwise be entitled to if such conveyance had been
22 made to the mortgagee and from the mortgagee to the
23 Commissioner.”

24 SEC. 112. Section 204 (d) of said Act, as amended, is

1 hereby amended by striking out of the second sentence
2 thereof the words "three years after the 1st day of July fol-
3 lowing the maturity date of the mortgage on the property in
4 exchange for which the debentures were issued, except that
5 debentures issued with respect to mortgages insured under
6 section 213 shall mature twenty years after the date of such
7 debentures" and inserting "ten years after the date thereof".

8 SEC. 113. Section 204 of said Act, as amended, is
9 hereby amended by adding at the end thereof the following
10 new subsection:

11 " (i) In the event that any mortgagee under a mortgage
12 insured under section 203 forecloses on the mortgaged prop-
13 erty but does not convey such property to the Commissioner
14 in accordance with this section, and the Commissioner is
15 given written notice thereof, or in the event that the mort-
16 gator pays the obligation under the mortgage in full prior to
17 the maturity thereof, and the mortgagee pays any adjusted
18 premium charge required under the provisions of section 203
19 (c), and the Commissioner is given written notice by the
20 mortgagee of the payment of such obligation, the obligation
21 to pay any subsequent premium charge for insurance shall
22 cease, and all rights of the mortgagee and the mortgagor
23 under this section shall terminate as of the date of such
24 notice."

1 SEC. 114. Section 205 of said Act, as amended, is
2 hereby amended to read as follows:

3 “SEC. 205. (a) The Commissioner shall establish as of
4 July 1, 1954, in the Mutual Mortgage Insurance Fund a
5 General Surplus Account and a Participating Reserve Ac-
6 count. All of the assets of the General Reinsurance Account
7 shall be transferred to the General Surplus Account where-
8 upon the General Reinsurance Account shall be abolished.
9 There shall be transferred from the various group accounts to
10 the Participating Reserve Account as of July 1, 1954, an
11 amount equal to the aggregate amount which would have
12 been distributed under the provisions of section 205 in effect
13 on June 30, 1954, if all outstanding mortgages in such group
14 accounts had been paid in full on said date. All of the
15 remaining balances of said group accounts shall as of said date
16 be transferred to the General Surplus Account whereupon all
17 of said group accounts shall be abolished.

18 “(b) The aggregate net income thereafter received or
19 any net loss thereafter sustained by the Mutual Mortgage
20 Insurance Fund in any semiannual period shall be credited
21 or charged to the General Surplus Account and/or the Par-
22 ticipating Reserve Account in such manner and amounts as
23 the Commissioner may determine to be in accord with sound
24 actuarial and accounting practice.

1 “(c) Upon termination of the insurance obligation of the
2 Mutual Mortgage Insurance Fund by payment of any mort-
3 gage insured thereunder, the Commissioner is authorized to
4 distribute to the mortgagor a share of the Participating
5 Reserve Account in such manner and amount as the Com-
6 missioner shall determine to be equitable and in accordance
7 with sound actuarial and accounting practice: *Provided*,
8 That, in no event, shall any such distributable share exceed
9 the aggregate scheduled annual premiums of the mortgagor
10 to the year of termination of the insurance.

11 “(d) No mortgagor or mortgagee of any mortgage in-
12 sured under section 203 shall have any vested right in a
13 credit balance in any such account or be subject to any
14 liability arising out of the mutuality of the Fund and the
15 determination of the Commissioner as to the amount to be
16 paid by him to any mortgagor shall be final and conclusive.”

17 SEC. 115. Section 207 (c) of said Act, as amended, is
18 hereby amended—

19 (1) by inserting before the semicolon at the end of
20 paragraph numbered (2) a colon and the following:

21 *“And provided further, That nothing contained in this*
22 *section shall preclude the insurance of mortgages covering*
23 *existing construction located in slum or blighted areas, as*
24 *defined in paragraph numbered (5) of subsection (a) of*
25 *this section, and the Commissioner may require such re-*

1 pair or rehabilitation work to be completed as is, in his
2 discretion, necessary to remove conditions detrimental to
3 safety, health, or morals”;

4 (2) by striking out the word “Alaska” in para-
5 graph numbered (2) and inserting “Alaska, or in
6 Guam,”; and

7 (3) by striking out paragraph numbered (3) and
8 inserting the following:

9 “(3) not to exceed, for such part of such property
10 or project as may be attributable to dwelling use,
11 \$2,000 per room (or \$7,200 per family unit if the
12 number of rooms in such property or project is less
13 than four per family unit) : *Provided*, That as to proj-
14 ects to consist of elevator type structures, the Commis-
15 sioner may, in his discretion, increase the dollar amount
16 limitation of \$2,000 per room to not to exceed \$2,400
17 per room and the dollar amount limitation of \$7,200 per
18 family unit to not to exceed \$7,500 per family unit, as
19 the case may be, to compensate for the higher costs inci-
20 dent to the construction of elevator type structures of
21 sound standards of construction and design: *And pro-*
22 *vided further*, That such mortgage shall not involve a
23 principal obligation exceeding the maximum amount pre-
24 scribed by the provisions of this section 207 in effect
25 prior to the effective date of the Housing Act of 1954,

1 unless the President, pursuant to section 201 of the
2 Housing Act of 1954 has authorized a greater maximum
3 amount, in which event such principal obligation shall
4 not exceed such greater maximum amount.”

5 SEC. 116. Section 207 (d) of said Act, as amended,
6 is hereby amended by inserting the words “of the Housing
7 Insurance Fund” between the words “debentures” and
8 “issued” in the first sentence of such section.

9 SEC. 117. Section 207 (h) of said Act, as amended, is
10 hereby amended by striking out the period at the end of the
11 first sentence and adding the following: “and a reasonable
12 amount for necessary expenses incurred by the mortgagee in
13 connection with the foreclosure proceedings, or the acqui-
14 sition of the mortgaged property otherwise, and the conveyance
15 thereof to the Commissioner.”

16 SEC. 118. Section 212 (a) of said Act, as amended, is
17 hereby amended, by inserting at the end thereof the follow-
18 ing new sentence: “The provisions of this section shall also
19 apply to the insurance of any mortgage under section 220
20 which covers property on which there is located a dwelling
21 or dwellings designed principally for residential use for
22 twelve or more families.”

23 SEC. 119. Section 213 (b) of said Act, as amended,
24 is hereby amended by striking clauses (1) and (2) and
25 inserting:

1 “(1) not to exceed \$5,000,000, or not to exceed
2 \$25,000,000 if the mortgage is executed by a mortgagor
3 regulated or supervised under Federal or State laws or
4 by political subdivisions of States or agencies thereof, as
5 to rents, charges, and methods of operations; and

6 “(2) not to exceed, for such part of such property
7 or project as may be attributable to dwelling use,
8 \$2,250 per room (or \$8,100 per family if the number
9 of rooms in such property or project is less than four
10 per family unit), and not to exceed 90 per centum of the
11 estimated value of the property or project when the pro-
12 posed improvements are completed: *Provided*, That if at
13 least 65 per centum of the membership of the corpora-
14 tion or number of beneficiaries of the trust consists of
15 veterans, the mortgage may involve a principal obligation
16 not to exceed \$2,375 per room (or \$8,550 per family
17 unit if the number of rooms in such property or project
18 is less than four per family unit), and not to exceed
19 95 per centum of the estimated value of the property or
20 project when the proposed physical improvements
21 are completed: *Provided further*, That as to proj-
22 ects which consist of elevator type structures, and
23 to compensate for the higher costs incident to
24 the construction of elevator type structures of
25 sound standards of construction and design, the

1 Commissioner may, in his discretion, increase the afore-
2 said dollar amount limitations per room or per family
3 unit (as may be applicable to the particular case)
4 within the following limits: (i) \$2,250 per room to
5 not to exceed \$2,700; (ii) \$2,375 per room to not to
6 exceed \$2,850; (iii) \$8,100 per family unit to not to
7 exceed \$8,400; and (iv) \$8,550 per family unit to
8 not to exceed \$8,900: *Provided further*, That such
9 mortgage shall not involve a principal obligation exceed-
10 ing the maximum amount per room or per family unit
11 prescribed by the provisions of this section 213 in effect
12 prior to the effective date of the Housing Act of 1954,
13 unless the President, pursuant to section 201 of the
14 Housing Act of 1954, has authorized a greater maximum
15 amount, in which event such principal obligation shall
16 not exceed such greater maximum amount: *And pro-*
17 *vided further*, That for the purposes of this section the
18 word 'veteran' shall mean a person who has served in
19 the active military or naval service of the United States
20 at any time on or after September 16, 1940, and prior
21 to July 26, 1947, or on or after June 27, 1950, and
22 prior to such date thereafter as shall be determined by
23 the President."

24 SEC. 120. Section 213 (f) of said Act, as amended,
25 is hereby amended by striking the last sentence thereof.

1 SEC. 121. Section 217 of said Act, as amended, is
2 hereby amended to read as follows:

3 “SEC. 217. Notwithstanding limitations contained in any
4 other section of this Act on the aggregate amount of principal
5 obligations of mortgages or loans which may be insured (or
6 insured and outstanding at any one time), the aggregate
7 amount of principal obligations of all mortgages which may
8 be insured and outstanding at any one time under insurance
9 contracts or commitments to insure pursuant to any section
10 or title of this Act (except section 2) shall not exceed the
11 sum of (a) the outstanding principal balances, as of July 1,
12 1954, of all insured mortgages (as estimated by the Commis-
13 sioner based on scheduled amortization payments without
14 taking into account prepayments or delinquencies), (b) the
15 principal amount of all outstanding commitments to insure
16 on that date, and (c) \$1,500,000,000, except that with the
17 approval of the President such aggregate amount may be
18 increased by not to exceed \$500,000,000.

19 “It is the intent and purpose of this section to consoli-
20 date and merge all existing mortgage insurance authorizations
21 or existing limitations with respect to any section or title of
22 this Act (except section 2) into one general insurance
23 authorization to take the place of all existing authorizations
24 or limitations.”

25 SEC. 122. Section 219 of said Act, as amended, is

1 hereby amended by striking out the words "or the Defense
2 Housing Insurance Fund," and inserting "the Defense Hous-
3 ing Insurance Fund, or the Section 220 Housing Insurance
4 Fund,".

5 SEC. 123. Title II of said Act, as amended, is hereby
6 amended by adding at the end thereof the following new
7 sections:

8 "REHABILITATION AND NEIGHBORHOOD CONSERVATION
9 HOUSING INSURANCE

10 "SEC. 220. (a) The purpose of this section is to sup-
11 plement the insurance of mortgages under sections 203 and
12 207 of this title by providing a system of mortgage insurance
13 to provide financial assistance in the rehabilitation of existing
14 dwelling accommodations and the construction of new dwell-
15 ing accommodations as an aid in the elimination of blight
16 and slum conditions and in the prevention of the deteriora-
17 tion of property where such dwelling accommodations are
18 located in (1) an urban renewal area (as defined in title I
19 of the Housing Act of 1949, as amended) in a community
20 respecting which the Housing and Home Finance Admin-
21 istrator has made the certification to the Commissioner
22 provided for by subsection 101 (c) of the Housing Act of
23 1949, as amended, or (2) the area of a project covered by
24 a Federal-aid contract which has been executed, or with
25 respect to which prior approval has been granted, by the

1 Housing and Home Finance Administrator under title I
2 of the Housing Act of 1949, as amended, before the effective
3 date of the Housing Act of 1954.

4 “(b) The Commissioner is authorized, upon application
5 by the mortgagee, to insure, as hereinafter provided, any
6 mortgage (including advances during construction on mort-
7 gages covering property of the character described in para-
8 graph (3) (B) of subsection (d) of this section) which is
9 eligible for insurance as hereinafter provided, and, upon
10 such terms and conditions as he may prescribe, to make
11 commitments for the insurance of such mortgages prior to the
12 date of their execution or disbursement thereon.

13 “(c) As used in this section, the terms ‘mortgage’,
14 ‘first mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’,
15 and ‘State’ shall have the same meaning as in section 201 of
16 this Act.

17 “(d) To be eligible for insurance under this section a
18 mortgage shall meet the following conditions:

19 “(1) Unless located in an area referred to in clause (2)
20 of subsection (a) of this section, the mortgaged property
21 shall be located in a delineated area (within an urban re-
22 newal area as defined in title I of the Housing Act of 1949,
23 as amended) with respect to which delineated area a specific
24 plan of redevelopment or of rehabilitation and conservation

1 has been established to carry out the purposes set forth in
2 subsection (a) of this section: *Provided*, That (with respect
3 to such delineated area) in the opinion of the Commissioner
4 (i) there exist necessary authority and financial capacity to
5 assure the completion of such plan and (ii) such plan will
6 be effective to assure compliance with such standards and
7 conditions as the Commissioner may prescribe to establish
8 the acceptability of such property for mortgage insurance.

9 “(2) The mortgaged property shall be held by—

10 “(A) a mortgagor approved by the Commissioner,
11 and the Commissioner may in his discretion require such
12 mortgagor to be regulated or restricted as to rents or
13 sales, charges, capital structure, rate of return and meth-
14 ods of operation, and for such purpose the Commissioner
15 may make such contracts with and acquire for not to ex-
16 ceed \$100 stock or interest in any such mortgagor as the
17 Commissioner may deem necessary to render effective
18 such restriction or regulations. Such stock or interest
19 shall be paid for out of the Section 220 Housing In-
20 surance Fund and shall be redeemed by the mortgagor
21 at par upon the termination of all obligations of the
22 Commissioner under the insurance; or

23 “(B) by Federal or State instrumentalities, munic-
24 ipal corporate instrumentalities of one or more States,
25 or limited dividend or redevelopment or housing corpora-

tions restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

“(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

“(A) not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (i) 95 per centum of \$10,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 75 per centum of such value in excess of \$10,000: *Provided*, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of section 203 in effect prior

1 to the effective date of the Housing Act of 1954, unless
2 the President, pursuant to section 201 of the Housing
3 Act of 1954 has authorized a greater maximum amount,
4 in which event such principal obligation shall not exceed
5 such greater maximum amount; or

6 “(B) (i) not to exceed \$5,000,000, or, if executed
7 by a mortgagor coming within the provisions of para-
8 graph (2) (B) of this subsection (d), not to exceed
9 \$50,000,000; and

10 “(ii) not to exceed 90 per centum of the estimated
11 value of the property or project when the proposed
12 improvements are completed (the value of the property
13 or project may include the land, the proposed physical
14 improvements, utilities within the boundaries of the
15 property or project, architect’s fees, taxes, and interest
16 during construction, and other miscellaneous charges
17 incident to construction and approved by the Commis-
18 sioner) ; and

19 “(iii) not to exceed, for such part of such property
20 or project as may be attributable to dwelling use, \$2,250
21 per room (or \$8,100 per family unit if the number of
22 rooms in such property or project is less than four per
23 family unit) : *Provided*, That as to projects to consist
24 of elevator-type structures, the Commissioner may, in
25 his discretion, increase the dollar amount limitation of

\$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher cost incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That a mortgage coming within the provisions of this paragraph (3) (B) shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of section 207 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount: *And provided further*, That nothing contained in paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

“(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 in effect prior to the effective date

1 of the Housing Act of 1954, unless the President, pursuant
2 to section 201 of the Housing Act of 1954, has authorized a
3 greater maturity, in which event the maturity of such mort-
4 gage shall not exceed such greater maturity: *Provided*, That
5 such maturity shall not exceed, in any event, thirty years
6 from the date of insurance of the mortgage. The mortgage
7 shall bear interest (exclusive of premium charges for insur-
8 ance and service charge, if any) at not to exceed 5 per
9 centum per annum on the amount of the principal obligation
10 outstanding at any time, or not to exceed such per centum per
11 annum not in excess of 6 per centum as the Commissioner
12 finds necessary to meet the mortgage market; contain such
13 terms and provisions with respect to the application of the
14 mortgagor's periodic payment to amortization of the principal
15 of the mortgage, insurance, repairs, alterations, payment of
16 taxes, default reserves, delinquency charges, foreclosure pro-
17 ceedings, anticipation of maturity, additional and secondary
18 liens, and other matters as the Commissioner may in his
19 discretion prescribe.

20 “(e) The Commissioner may at any time, under such
21 terms and conditions as he may prescribe, consent to the
22 release of the mortgagor from his liability under the mortgage
23 or the credit instrument secured thereby, or consent to the
24 release of parts of the mortgaged property from the lien of
25 the mortgage.

1 “(f) The mortgagee shall be entitled to receive the
2 benefits of the insurance as hereinafter provided—

3 “(1) as to mortgages meeting the requirements of
4 paragraph (3) (A) of subsection (d) of this section,
5 as provided in section 204 (a) of this Act with respect
6 to mortgages insured under section 203; and the pro-
7 visions of subsections (b), (c), (d), (e), (f), (g),
8 and (h) of section 204 of this Act shall be applicable to
9 such mortgages insured under this section, except that
10 all references therein to the Mutual Mortgage Insurance
11 Fund or the Fund shall be construed to refer to the
12 Section 220 Housing Insurance Fund and all references
13 therein to section 203 shall be construed to refer to this
14 section; or

15 “(2) as to mortgages meeting the requirements of
16 paragraph (3) (B) of subsection (d) of this section,
17 as provided in section 207 (g) of this Act with respect
18 to mortgages insured under said section 207, and the
19 provisions of subsections (h), (i), (j), (k), and (l)
20 of section 207 of this Act shall be applicable to such
21 mortgages insured under this section, and all references
22 therein to the Housing Insurance Fund or the Housing
23 Fund shall be construed to refer to the Section 220
24 Housing Insurance Fund.

25 “(g) There is hereby created a Section 220 Housing

1 Insurance Fund which shall be used by the Commissioner
2 as a revolving fund for carrying out the provisions of this
3 section, and the Commissioner is hereby authorized to transfer
4 to such Fund the sum of \$1,000,000 from the War Housing
5 Insurance Fund established pursuant to the provisions of
6 section 602 of this Act. General expenses of operation of
7 the Federal Housing Administration under this section may
8 be charged to the Section 220 Housing Insurance Fund.

9 “Moneys in the Section 220 Housing Insurance Fund
10 not needed for the current operations of the Federal Housing
11 Administration under this section shall be deposited with the
12 Treasurer of the United States to the credit of such Fund, or
13 invested in bonds or other obligations of, or in bonds or other
14 obligations guaranteed as to principal and interest by, the
15 United States. The Commissioner may, with the approval of
16 the Secretary of the Treasury, purchase in the open market
17 debentures issued under the provisions of this section. Such
18 purchases shall be made at a price which will provide an
19 investment yield of not less than the yield obtainable from
20 other investments authorized by this section. Debentures
21 so purchased shall be canceled and not reissued.

22 “Premium charges, adjusted premium charges, and ap-
23 praisal and other fees received on account of the insurance
24 of any mortgage accepted for insurance under this section,
25 the receipts derived from the property covered by such mort-

1 gage and claims assigned to the Commissioner in con-
2 nection therewith shall be credited to the Section 220 Hous-
3 ing Insurance Fund. The principal of, and interest paid
4 and to be paid on debentures issued under this section, cash
5 adjustments, and expenses incurred in the handling, manage-
6 ment, renovation, and disposal of properties acquired under
7 this section shall be charged to such Fund.

8 “SEC. 221. (a) This section is designed to supplement
9 systems of mortgage insurance under other provisions of the
10 National Housing Act in order to assist in relocating families
11 to be displaced as the result of governmental action in a com-
12 munity respecting which (1) the Housing and Home Finance
13 Administrator has made the certification to the Commissioner
14 provided for by subsection 101 (c) of the Housing Act of
15 1949, as amended, or (2) there is being carried out a project
16 covered by a Federal aid contract executed, or prior approval
17 granted, by the Housing and Home Finance Administrator
18 under title I of the Housing Act of 1949, as amended, before
19 the effective date of the Housing Act of 1954. Mortgage
20 insurance under this section shall be available only in those
21 localities or communities which shall have requested such
22 mortgage insurance to be provided: *Provided*, That the Com-
23 missioner shall prescribe such procedures as in his judgment
24 are necessary to secure to the families to be so displaced,
25 referred to above, a preference or priority of opportunity to

1 purchase or rent such dwelling units: *And provided further,*
2 That the total number of dwelling units in properties covered
3 by mortgages insured under this section in any such commu-
4 nity shall not exceed the total number of such dwelling units
5 which the Commissioner determines to be needed for the relo-
6 cation of families to be so displaced and who would be eligible
7 to obtain the benefits of the insurance authorized by this
8 section.

9 “(b) The Commissioner is authorized, upon application
10 by the mortgagee, to insure under this section as hereinafter
11 provided any mortgage which is eligible for insurance as pro-
12 vided herein and, upon such terms and conditions as the
13 Commissioner may prescribe, to make commitments for the
14 insurance of such mortgages prior to the date of their execu-
15 tion or disbursement thereon.

16 “(c) As used in this section, the terms ‘mortgage’, ‘first
17 mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’ and
18 ‘State’ shall have the same meaning as in section 201 of this
19 Act.

20 “(d) To be eligible for insurance under this section, a
21 mortgage shall—

22 “(1) have been made to and be held by a mort-
23 gagee approved by the Commissioner as responsible and
24 able to service the mortgage properly;

25 “(2) involve a principal obligation (including such

1 initial service charges, appraisal, inspection, and other
2 fees as the Commissioner shall approve) in an amount
3 not to exceed \$7,600, except that the Commissioner may
4 by regulation increase this amount to not to exceed \$8,600
5 in any geographical area where he finds that cost levels
6 so require, and not to exceed 100 per centum of the ap-
7 praised value (as of the date the mortgage is accepted for
8 insurance) of a property, upon which there is located a
9 dwelling designed principally for a single-family resi-
10 dence: *Provided*, That the mortgagor shall be the owner
11 and occupant of the property at the time of the insurance
12 and shall have paid on account of the property at least
13 \$200 (which amount may include amounts to cover set-
14 tlement costs and initial payments for taxes, hazard insur-
15 ance, mortgage insurance premium, and other prepaid
16 expenses) : *Provided further*, That nothing contained
17 herein shall preclude the Commissioner from issuing a
18 commitment to insure and insuring a mortgage pursuant
19 thereto where the mortgagor is not the owner and occu-
20 pant and the property is to be built or acquired and re-
21 paired or rehabilitated for sale and the insured mortgage
22 financing is required to facilitate the construction or the
23 repair or rehabilitation of the dwelling and provide financ-
24 ing pending the subsequent sale thereof to a qualified

1 owner-occupant, and in such instances the mortgage shall
2 not exceed 85 per centum of the appraised value; or

3 “(3) if executed by a mortgagor which is a private
4 nonprofit corporation or association or other acceptable
5 private nonprofit organization, regulated or supervised
6 under Federal or State laws or by political subdivisions
7 of States or agencies thereof, as to rents, charges, and
8 methods of operation, in such form and in such manner
9 as, in the opinion of the Commissioner, will effectuate the
10 purposes of this section, the mortgage may involve a
11 principal obligation not in excess of \$5,000,000; and not
12 in excess of \$7,600 per family unit for such part of
13 such property or project as may be attributable to dwell-
14 ing use, except that the Commissioner may by regulation
15 increase this amount to not to exceed \$8,600 in any geo-
16 graphical area where he finds that cost levels so require,
17 and not in excess of 100 per centum of the Commis-
18 sioner’s estimate of the value of the property or project
19 when repaired and rehabilitated for use as rental accom-
20 modations for ten or more families eligible for occupancy
21 as provided in this section; and

22 “(4) provide for complete amortization by periodic
23 payments within such terms as the Commissioner may
24 prescribe, but not to exceed forty years from the date
25 of insurance of the mortgage; bear interest (exclusive

1 of premium charges for insurance and service charge, if
2 any) at not to exceed 5 per centum per annum on the
3 amount of the principal obligation outstanding at any
4 time, or not to exceed such per centum per annum not
5 in excess of 6 per centum as the Commissioner finds
6 necessary to meet the mortgage market; and contain such
7 terms and provisions with respect to the application of
8 the mortgagor's periodic payment to amortization of the
9 principal of the mortgage, insurance, repairs, alterations,
10 payment of taxes, default reserves, delinquency charges,
11 foreclosure proceedings, anticipation of maturity, addi-
12 tional and secondary liens, and other matters as the
13 Commissioner may in his discretion prescribe.

14 “(e) The Commissioner may at any time, under such
15 terms and conditions as he may prescribe, consent to the
16 release of the mortgagor from his liability under the mortgage
17 or the credit instrument secured thereby, or consent to the
18 release of parts of the mortgaged property from the lien
19 of the mortgage.

20 “(f) The property or project shall comply with such
21 standards and conditions as the Commissioner may prescribe
22 to establish the acceptability of such property for mortgage
23 insurance.

24 “(g) The mortgagee shall be entitled to receive the
25 benefits of the insurance as hereinafter provided—

1 “(1) as to mortgages meeting the requirements of
2 paragraph (2) of subsection (d) of this section, as
3 provided in section 204 (a) of this Act with respect to
4 mortgages insured under section 203; and the provisions
5 of subsections (b), (c), (d), (e), (f), (g), and (h)
6 of section 204 of this Act shall be applicable to such
7 mortgages insured under this section, except that all
8 references therein to the Mutual Mortgage Insurance
9 Fund or the Fund shall be construed to refer to the
10 Section 221 Housing Insurance Fund and all references
11 therein to section 203 shall be construed to refer to this
12 section; or

13 “(2) as to mortgages meeting the requirements of
14 paragraph (3) of subsection (d) of this section, as
15 provided in section 207 (g) of this Act with respect to
16 mortgages insured under said section 207, and the pro-
17 visions of subsections (h), (i), (j), (k), and (l) of
18 section 207 of this Act shall be applicable to such mort-
19 gages insured under this section, and all references
20 therein to the Housing Insurance Fund or the Housing
21 Fund shall be construed to refer to the Section 221
22 Housing Insurance Fund; or

23 “(3) in the event any mortgage insured under this
24 section is not in default at the expiration of twenty years
25 from the date the mortgage was endorsed for insurance,

1 the mortgagee shall, within a period thereafter to be de-
2 termined by the Commissioner, have the option to as-
3 sign, transfer, and deliver to the Commissioner the
4 original credit instrument and the mortgage securing
5 the same and receive the benefits of the insurance as
6 hereinafter provided in this paragraph, upon compliance
7 with such requirements and conditions as to the validity
8 of the mortgage as a first lien and such other matters
9 as may be prescribed by the Commissioner at the time
10 the loan is endorsed for insurance. Upon such assign-
11 ment, transfer, and delivery the obligation of the mort-
12 gagee to pay the premium charges for insurance shall
13 cease, and the Commissioner shall, subject to the cash
14 adjustment provided herein, issue to the mortgagee
15 debentures having a total face value equal to the amount
16 of the original principal obligation of the mortgage
17 which was unpaid on the date of the assignment, plus
18 accrued interest to such date. Debentures issued pur-
19 suant to this paragraph (3) shall be issued in the same
20 manner and subject to the same terms and conditions
21 as debentures issued under paragraph (1) of this sub-
22 section, except that the debentures issued pursuant to
23 this paragraph (3) shall be dated as of the date the
24 mortgage is assigned to the Commissioner, and shall
25 bear interest from such date at the going Federal rate

1 determined at the time of issuance. The term 'going
2 Federal rate' as used herein means the annual rate
3 of interest which the Secretary of the Treasury shall
4 specify as applicable to the six-month period (consisting
5 of January through June or July through December)
6 which includes the issuance date of such debentures,
7 which applicable rate for each such six-month period
8 shall be determined by the Secretary of the Treasury
9 by estimating the average yield to maturity, on the
10 basis of daily closing market bid quotations or prices
11 during the month of May or the month of November, as
12 the case may be, next preceding such six-month period,
13 on all outstanding marketable obligations of the United
14 States having a maturity date of eight to twelve years
15 from the first day of such month of May or November
16 (or, if no such obligations are outstanding, the obligation
17 next shorter than eight years and the obligation next
18 longer than twelve years, respectively, shall be used),
19 and by adjusting such estimated average annual yield
20 to the nearest one-eighth of 1 per centum. The Com-
21 missioner shall have the same authority with respect to
22 mortgages assigned to him under this paragraph as con-
23 tained in section 207 (k) and section 207 (l) as to
24 mortgages insured by the Commissioner and assigned to
25 him under section 207 of this Act.

1 “(h) There is hereby created a Section 221 Housing
2 Insurance Fund which shall be used by the Commissioner
3 as a revolving fund for carrying out the provisions of this
4 section, and the Commissioner is hereby authorized to trans-
5 fer to such Fund the sum of \$1,000,000 from the War
6 Housing Insurance Fund established pursuant to the pro-
7 visions of section 602 of this Act. General expenses of op-
8 eration of the Federal Housing Administration under this
9 section may be charged to the Section 221 Housing Insur-
10 ance Fund.

11 “Moneys in the Section 221 Housing Insurance Fund
12 not needed for the current operations of the Federal Housing
13 Administration under this section shall be deposited with
14 the Treasurer of the United States to the credit of such fund,
15 or invested in bonds or other obligations of, or in bonds or
16 other obligations guaranteed as to principal and interest by,
17 the United States. The Commissioner may, with the ap-
18 proval of the Secretary of the Treasury, purchase in the open
19 market debentures issued under the provisions of this section.
20 Such purchases shall be made at a price which will provide
21 an investment yield of not less than the yield obtainable from
22 other investments authorized by this section. Debentures so
23 purchased shall be canceled and not reissued.

24 “Premium charges, adjusted premium charges, and ap-

1 praisal and other fees received on account of the insurance
2 of any mortgage accepted for insurance under this section,
3 the receipts derived from the property covered by such mort-
4 gage and claims assigned to the Commissioner in connection
5 therewith shall be credited to the Section 221 Housing
6 Insurance Fund. The principal of, and interest paid and to
7 be paid on debentures issued under this section, cash adjust-
8 ments, and expenses incurred in the handling, management,
9 renovation, and disposal of properties acquired under this
10 section shall be charged to such Fund.”

11 SEC. 124. Title II of said Act, as amended, is hereby
12 further amended by adding at the end thereof the following
13 new section to transfer to title II the mortgage insurance
14 program in connection with the sale of certain publicly
15 owned property as contained in section 610 of title VI; the
16 insurance of mortgages to refinance existing loans insured
17 under section 608 of title VI and sections 903 and 908 of
18 title IX; and to authorize the insurance under title II of
19 mortgages assigned to the Commissioner under insurance
20 contracts and mortgages held by the Commissioner in con-
21 nection with the sale of property acquired under insurance
22 contracts:

23 “MISCELLANEOUS HOUSING INSURANCE

24 “SEC. 222. (a) Notwithstanding any of the provisions
25 of this title, and without regard to limitations upon eligibility

1 contained in section 203 or section 207, the Commissioner is
2 authorized, upon application by the mortgagee, to insure or
3 make commitments to insure under section 203 or section
4 207 of this title any mortgage—

5 “(1) executed in connection with the sale by the
6 Government, or any agency or official thereof, of any
7 housing acquired or constructed under Public Law 849,
8 Seventy-sixth Congress, as amended; Public Law 781,
9 Seventy-sixth Congress, as amended; or Public Laws 9,
10 73, or 353, Seventy-seventh Congress, as amended (in-
11 cluding any property acquired, held, or constructed in
12 connection with such housing or to serve the inhabitants
13 thereof) ; or

14 “(2) executed in connection with the sale by the
15 Public Housing Administration, or by any public hous-
16 ing agency with the approval of the said Administration,
17 of any housing (including any property acquired, held, or
18 constructed in connection with such housing or to serve
19 the inhabitants thereof) owned or financially assisted
20 pursuant to the provisions of Public Law 671, Seventy-
21 sixth Congress; or

22 “(3) executed in connection with the sale by the
23 Government, or any agency or official thereof, of any of
24 the so-called Greenbelt towns, or parts thereof, including
25 projects, or parts thereof, known as Greenhills, Ohio;

1 Greenbelt, Maryland; and Greendale, Wisconsin, devel-
2 oped under the Emergency Relief Appropriation Act of
3 1935, or of any of the village properties under the juris-
4 diction of the Tennessee Valley Authority; or

5 “(4) executed in connection with the sale by a State
6 or municipality, or an agency, instrumentality, or politi-
7 cal subdivision of either, of a project consisting of any
8 permanent housing (including any property acquired,
9 held, or constructed in connection therewith or to serve
10 the inhabitants thereof), constructed by or on behalf of
11 such State, municipality, agency, instrumentality, or
12 political subdivision, for the occupancy of veterans of
13 World War II, or Korean veterans, their families, and
14 others; or

15 “(5) executed in connection with the first resale,
16 within two years from the date of its acquisition from the
17 Government, of any portion of a project or property of
18 the character described in paragraphs (1), (2), and
19 (3) above; or

20 “(6) given to refinance an existing mortgage in-
21 sured under section 608 of title VI prior to the effective
22 date of the Housing Act of 1954 or under section 903
23 or section 908 of title IX: *Provided*, That the principal
24 amount of any such refinancing mortgage shall not ex-

ceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges

1 and service charges, if any) at not to exceed the maxi-
2 mum rate applicable to loans insured under section 203
3 or section 207, as the case may be.

4 “(b) The Commissioner shall also have authority to
5 insure under this title any mortgage assigned to him in con-
6 nection with payment under a contract of mortgage insurance
7 or executed in connection with the sale by him of any prop-
8 erty acquired under title I, title II, title VI, title VIII, or
9 title IX without regard to any limitation upon eligibility
10 contained in this title II.”

11 SEC. 125. Title II of said Act, as amended, is hereby
12 amended by adding at the end thereof the following new
13 sections:

14 “INTEREST RATES AND MORTGAGE TERMS

15 “SEC. 223. The Commissioner shall make such rules and
16 regulations in connection with his functions under this Act
17 as may be necessary to carry out limitations relating thereto
18 established by the President pursuant to the authority vested
19 in him by section 201 of the Housing Act of 1954.

20 “OPEN-END MORTGAGES

21 “SEC. 224. Notwithstanding any other provisions of
22 this Act, in connection with any mortgage insured pursuant
23 to any section of this Act which covers a property upon
24 which there is located a dwelling designed principally for
25 residential use for not more than four families in the aggre-

1 gate, the Commissioner is authorized, upon such terms and
2 conditions as he may prescribe, to insure under said section
3 the amount of any advance for the improvement or repair
4 of such property made to the mortgagor pursuant to an 'open-
5 end' provision in the mortgage, and to add the amount of such
6 advance to the original principal obligation in determining
7 the value of the mortgage for the purpose of computing the
8 amounts of debentures and certificate of claim to which the
9 mortgagee may be entitled: *Provided*, That the Commis-
10 sioner may require the payment of such charges, including
11 charges in lieu of insurance premiums, as he may consider
12 appropriate for the insurance of such 'open-end' advances:
13 *And provided further*, That the insurance of 'open-end'
14 advances shall not be taken into account in determining the
15 aggregate amount of principal obligations of mortgages which
16 may be insured under this Act."

17 ADDITIONAL AMENDMENTS RELATING TO FEDERAL
18 HOUSING ADMINISTRATION

19 SEC. 126. Title VI of said Act, as amended, is hereby
20 amended by adding the following new section at the end
21 thereof:

22 "SEC. 612. Notwithstanding any other provision of this
23 title, no mortgage or loan shall be insured under any section
24 of this title after the effective date of the Housing Act of

1 1954 except pursuant to a commitment to insure issued on
2 or before such date.”

3 SEC. 127. Title VII of said Act, as amended, is hereby
4 repealed. The Housing Investment Insurance Fund estab-
5 lished to carry out the purposes of said title shall be
6 terminated as of the effective date of the Housing Act
7 of 1954, at which time all of the remaining assets of such
8 Fund, shall be transferred to the National Defense Hous-
9 ing Insurance Fund. The amount remaining of funds ap-
10 propriated to the Secretary of the Treasury by the Supple-
11 mental Appropriation Act, 1949 (Public Law 904, Eightieth
12 Congress), to be made available to the said Housing Invest-
13 ment Insurance Fund shall be carried to the surplus fund
14 of the Treasury.

15 SEC. 128. Section 803 (a) of said Act, as amended, is
16 amended by striking out “July 1, 1954” and substituting
17 therefor “June 30, 1955”.

18 SEC. 129. Section 104 of the Defense Housing and Com-
19 munity Facilities and Services Act of 1951, as amended, is
20 hereby amended by striking out the material within the
21 parentheses in clause (a) and substituting therefor “except
22 pursuant to a commitment to insure issued on or before
23 such date”.

1 TITLE II—FEDERAL NATIONAL MORTGAGE
2 ASSOCIATION

3 SEC. 201. Title III of the National Housing Act, as
4 amended, is hereby amended to read as follows:

5 “TITLE III—FEDERAL NATIONAL MORTGAGE
6 ASSOCIATION

7 “PURPOSES

8 “SEC. 301. The Congress hereby declares that the pur-
9 poses of this title are to establish in the Federal Government
10 a secondary market facility for home mortgages, to provide
11 that the operations of such facility shall be financed by
12 private capital to the maximum extent feasible, and to
13 authorize such facility to—

14 “(a) provide supplementary assistance to the sec-
15 ondary market for home mortgages by providing a
16 degree of liquidity for mortgage investments, thereby
17 improving the distribution of investment capital avail-
18 able for home mortgage financing;

19 “(b) provide special assistance (when, and to the
20 extent that, the President has determined that it is in
21 the public interest) for the financing of (1) selected
22 types of home mortgages (pending the establishment of
23 their marketability) originated under special housing

1 programs designed to provide housing of acceptable
2 standards at full economic costs for segments of the
3 national population which are unable to obtain adequate
4 housing under established home financing programs, and
5 (2) home mortgages generally as a means of retarding
6 or stopping a decline in mortgage lending and home
7 building activities which threatens materially the sta-
8 bility of a high level national economy; and

9 “(c) manage and liquidate the existing mortgage
10 portfolio of the Federal National Mortgage Association
11 in an orderly manner, with a minimum of adverse effect
12 upon the home mortgage market and minimum loss to
13 the Federal Government.

14 “CREATION OF ASSOCIATION

15 “SEC. 302. (a) There is hereby created a body cor-
16 porate to be known as the ‘Federal National Mortgage Asso-
17 ciation’ (hereinafter referred to as the ‘Association’), which
18 shall be a constituent agency of the Housing and Home
19 Finance Agency. The Association shall have succession
20 until dissolved by Act of Congress. It shall maintain its
21 principal office in the District of Columbia and shall be
22 deemed, for purposes of venue in civil actions, to be a resi-
23 dent thereof. Agencies or offices may be established by the
24 Association in such other place or places as it may deem
25 necessary or appropriate in the conduct of its business.

1 “(b) For the purposes set forth in section 301 and
2 subject to the limitations and restrictions of this title, the
3 Association is authorized to make commitments to purchase
4 and to purchase, service, or sell, any residential or home
5 mortgages (or participations therein) which are insured
6 under this Act, as amended, or which are insured or guar-
7 anteed under the Servicemen’s Readjustment Act of 1944,
8 as amended: *Provided*, That (1) no mortgage may be pur-
9 chased at a price exceeding 100 per centum of the unpaid
10 principal amount thereof at the time of purchase, with ad-
11 justments for interest and any comparable items; and (2)
12 the Association may not purchase any mortgage if (i) it is
13 offered by, or covers property held by, a Federal, State,
14 territorial, or municipal instrumentality or (ii) the original
15 principal obligation thereof exceeds or exceeded \$15,000 for
16 each family residence or dwelling unit covered by the mort-
17 gage.

18 “CAPITALIZATION

19 “SEC. 303. (a) The Association shall have nonvoting
20 capital stock, to which the Secretary of the Treasury initially
21 shall subscribe as provided in subsections (d) and (e) of
22 this section. The stock of the Association shall have a par
23 value of \$100 per share, and shall not be transferable ex-
24 cept on the books of the Association. At the option of the
25 Association such stock shall be retireable at par value at any

1 time, except that retirements of stock (other than stock
2 held by the Secretary of the Treasury) shall not be made if,
3 as a consequence thereof, the amount remaining outstand-
4 ing would be less than \$100,000,000. With respect to such
5 stock held by him, the Secretary of the Treasury shall be
6 entitled to cumulative dividends for each fiscal year or por-
7 tion thereof, from the date or dates the capital represented by
8 such stock is initially utilized until such stock is retired, at
9 rates determined by him at the beginning of each such fiscal
10 year, taking into consideration the current average interest
11 rate on outstanding marketable obligations of the United
12 States as of the last day of the preceding fiscal year. The
13 Secretary of the Treasury shall permit the retirement of the
14 stock held by him in the manner provided in this section.
15 Funds of the capital surplus and the general surplus accounts
16 of the Association shall be available to retire the capital stock
17 held by the Secretary of the Treasury as rapidly as the
18 Association shall deem feasible.

19 “(b) The Association shall accumulate funds for its
20 capital surplus account from private sources by requiring
21 each mortgage seller to make payments of nonrefundable
22 capital contributions equal to not less than 3 per centum of
23 the unpaid principal amount of mortgages therein involved
24 in purchases or contracts for purchases between such seller
25 and the Association, or such greater percentage as may from

1 time to time be determined by the Association. In addition,
2 the Association may impose charges or fees for its services
3 with the objective that all costs and expenses of its operations
4 should be within its income derived from such operations
5 and that such operations should be fully self-supporting.
6 All earnings from the operations of the Association shall
7 annually be transferred to its general surplus account. At
8 any time, funds of the general surplus account may, in the
9 discretion of the board of directors, be transferred to reserves.
10 All dividends shall be charged against the general surplus
11 account. This subsection (b) shall not apply to the special
12 assistance functions of the Association under section 305 of
13 this title or to the management and liquidating functions of
14 the Association under section 306 of this title.

15 “(c) Until such time as all of the stock held by the Sec-
16 retary of the Treasury has been retired and the Secretary
17 of the Treasury does not hold any of the obligations of the
18 Association purchased under section 304 (c) of this title,
19 the Association shall issue, from time to time, to each mort-
20 gage seller its convertible certificates (only in denominations
21 of \$100 or multiples thereof) evidencing any capital con-
22 tributions made by such seller pursuant to subsection (b) of
23 this section, which certificates shall not be transferable except
24 on the books of the Association. Subject to such terms and
25 conditions as may be prescribed by the board of directors,

1 such certificates shall be convertible into capital stock of the
2 Association having an equal par value, but no such conversion
3 shall be permitted or made until such time as all of the
4 outstanding capital stock of the Association held by the Sec-
5 retary of the Treasury has been retired and the Secretary of
6 the Treasury does not hold any of the obligations of the Asso-
7 ciation purchased under section 304 (c) of this title. There-
8 after, the Association may effect the direct issuance of stock in
9 lieu of and in the same manner as is provided in this subsec-
10 tion for the issuance of convertible certificates. Such divi-
11 dends as may be declared by the board of directors in its dis-
12 cretion shall be paid by the Association to its stockholders,
13 but in any one fiscal year the general surplus account of the
14 Association shall not be reduced through the payment of
15 dividends (other than to the Secretary of the Treasury)
16 which exceed in the aggregate 5 per centum of the par value
17 of the outstanding stock of the Association.

18 “(d) Within ninety days following the effective date of
19 the Housing Act of 1954, as of the day following a cutoff
20 date to be determined by the Association, the Association is
21 authorized and directed to issue and deliver to the Secretary
22 of the Treasury, and the Secretary of the Treasury is au-
23 thorized and directed to accept, capital stock of the Associa-
24 tion having an aggregate par value equal to the sum of (1)
25 the amount of \$21,000,000 (being the amount of the origi-

1 nal subscription for capital stock of \$20,000,000 and paid-in
2 surplus of \$1,000,000 of the Association) and (2) an
3 amount equal to the Association's surplus, surplus reserves,
4 and undistributed earnings, computed as of the close of the
5 cutoff date.

6 “(e) The capital stock of the Association delivered to
7 the Secretary of the Treasury pursuant to subsection (d) of
8 this section shall be in exchange for (1) the note or notes
9 evidencing the aforesaid original \$21,000,000 (upon which
10 the accrued interest shall have been paid through the cutoff
11 date referred to in subsection (d) of this section), and (2)
12 the release to the Association of any and all rights or claims
13 which the United States might otherwise have or claim in
14 and to the Association's capital, surplus, surplus reserves, and
15 undistributed earnings, computed as of the close of the afore-
16 said cutoff date.

17 “(f) Notwithstanding any other provision of law, any
18 institution, including a national bank or State member bank
19 of the Federal Reserve System or any member of the Fed-
20 eral Deposit Insurance Corporation, trust company, or other
21 banking organization, organized under any law of the United
22 States, including the laws relating to the District of Columbia,
23 shall be authorized to make payments to the Association of
24 the nonrefundable capital contributions referred to in sub-
25 section (b) of this section, to receive stock or convertible

1 certificates of the Association evidencing such capital con-
2 tributions, and to hold or dispose of such stock or certificates,
3 subject to the provisions of this title.

4 “(g) As promptly as practicable after all of the capital
5 stock of the Association held by the Secretary of the Treasury
6 has been retired, the Housing and Home Finance Adminis-
7 trator shall transmit to the President for submission to the
8 Congress recommendations for such legislation as may be
9 necessary or desirable to make appropriate provisions to
10 transfer to the owners of the outstanding capital stock of the
11 Association the assets and liabilities of the Association in con-
12 nection with, and the control and management of, the second-
13 ary market operations of the Association under section 304
14 of this title in order that such operations may thereafter be
15 carried out by a privately owned and privately financed
16 corporation.

17 “SECONDARY MARKET OPERATIONS

18 “SEC. 304. (a) To carry out the purposes set forth in
19 paragraph (a) of section 301, the operations of the Asso-
20 ciation under this section shall be confined, so far as prac-
21 ticable, to mortgages which are deemed by the Association
22 to be of such quality, type, and class as to meet, generally,
23 the purchase standards imposed by private institutional mort-
24 gage investors and the Association shall not purchase any
25 mortgage insured or guaranteed prior to the effective date

1 of the Housing Act of 1954. In the interest of assuring
2 sound operation, the prices to be paid by the Association
3 for mortgages purchased in its secondary market operations
4 under this section, should be established, from time to time,
5 at the market price for the particular class of mortgages
6 involved, as determined by the Association. The volume
7 of the Association's purchases and sales, and the establish-
8 ment of the purchase prices, sale prices, and charges or fees,
9 in its secondary market operations under this section, should
10 be determined by the Association from time to time, and such
11 determinations should be consistent with the objectives that
12 such purchases and sales should be effected only at such
13 prices and on such terms as will reasonably prevent excessive
14 use of the Association's facilities, and that the operations of
15 the Association under this section should be within its in-
16 come derived from such operations and that such operations
17 should be fully self-supporting.

18 “(b) For the purposes of this section, the Association
19 is authorized to issue, upon the approval of the Secretary of
20 the Treasury, and have outstanding at any one time obliga-
21 tions having such maturities and bearing such rate or rates
22 of interest as may be determined by the Association with the
23 approval of the Secretary of the Treasury, to be redeemable
24 at the option of the Association before maturity in such

1 manner as may be stipulated in such obligations; but the
2 aggregate amount of obligations of the Association under this
3 subsection outstanding at any one time shall not exceed ten
4 times the sum of its capital, capital surplus, general surplus,
5 reserves, and undistributed earnings, and in no event shall
6 any such obligations be issued if, at the time of such pro-
7 posed issuance, and as a consequence thereof, the resulting
8 aggregate amount of its outstanding obligations under this
9 subsection would exceed the amount of the Association's own-
10 ership pursuant to this section, free from any liens or encum-
11 brances, of cash, mortgages, and bonds or other obligations
12 of, or bonds or other obligations guaranteed as to principal
13 and interest by, the United States. The Association shall
14 insert appropriate language in all of its obligations issued
15 under this subsection clearly indicating that such obligations,
16 together with the interest thereon, are not guaranteed by
17 the United States and do not constitute a debt or obligation
18 of the United States or of any agency or instrumentality
19 thereof other than the Association. The Association is
20 authorized to purchase in the open market any of its obli-
21 gations outstanding under this subsection at any time and
22 at any price.

23 “(c) The Secretary of the Treasury is authorized in
24 his discretion to purchase any obligations issued pursuant
25 to subsection (b) of this section, as now or hereafter in force,

1 and for such purpose the Secretary of the Treasury is au-
2 thorized to use as a public debt transaction the proceeds of
3 the sale of any securities hereafter issued under the Second
4 Liberty Bond Act, as now or hereafter in force, and the pur-
5 poses for which securities may be issued under the Second
6 Liberty Bond Act, as now or hereafter in force, are ex-
7 tended to include such purchases. The Secretary of the
8 Treasury shall not at any time purchase any obligations
9 under this subsection if (1) all of the capital stock of the
10 Association held by the Secretary of the Treasury has been
11 retired, or (2) such purchase would increase the aggregate
12 principal amount of his then outstanding holdings of such
13 obligations under this subsection to an amount greater than
14 \$500,000,000 plus an amount equal to the total of such
15 reductions in the maximum dollar amount prescribed by
16 section 306 (c) as have theretofore been effected pursuant
17 to that section: *Provided*, That such aggregate principal
18 amount under this subsection (c) shall in no event exceed
19 \$1,000,000,000. Each purchase of obligations by the Sec-
20 retary of the Treasury under this subsection shall be upon
21 such terms and conditions as to yield a return at a rate
22 determined by the Secretary of the Treasury, taking into
23 consideration the current average rate on outstanding market-
24 able obligations of the United States as of the last day of
25 the month preceding the making of such purchase. The Sec-

1 retary of the Treasury may, at any time, sell, upon such
2 terms and conditions and at such price or prices as he shall
3 determine, any of the obligations acquired by him under
4 this subsection. All redemptions, purchases, and sales by
5 the Secretary of the Treasury of such obligations under this
6 subsection shall be treated as public debt transactions of the
7 United States.

8 “(d) The Association may not purchase participations
9 or make any advance contracts or commitments to purchase
10 mortgages for its operations under this section, except that
11 the Association may, in the discretion of its board of directors,
12 issue a purchase contract (which shall not be assignable or
13 transferable except with the consent of the Association) in
14 an amount not exceeding the amount of the sale of mortgages
15 purchased from the Association, entitling the holder thereof
16 to sell to the Association mortgages in the amount of the
17 contract, upon such terms and conditions as the Association
18 may prescribe.

19 “SPECIAL ASSISTANCE FUNCTIONS

20 “SEC. 305. (a) To carry out the purposes set forth in
21 paragraph (b) of section 301, the President, after taking
22 into account (1) the conditions in the building industry and
23 the national economy and (2) conditions affecting the home
24 mortgage investment market, generally, or affecting various
25 types or classifications of home mortgages, or both, and after

1 determining that such action is in the public interest, may
2 under this section authorize the Association, for such period
3 of time and to such extent as he shall prescribe, to exercise
4 its powers to make commitments to purchase and to purchase
5 such types, classes, or categories of home mortgages (includ-
6 ing participations therein) as he shall determine.

7 “(b) The operations of the Association under this sec-
8 tion shall be confined, so far as practicable, to mortgages
9 (including participations) which are deemed by the Asso-
10 ciation to be of such quality as to meet, substantially and
11 generally, the purchase standards imposed by private insti-
12 tutional mortgage investors but which, at the time of sub-
13 mission of the mortgages to the Association for purchase, are
14 not necessarily readily acceptable to such investors. Sub-
15 ject to the provisions of this section, the prices to be paid
16 by the Association for mortgages purchased in its opera-
17 tions under this section shall be established from time to
18 time by the Association. The Association shall impose
19 charges or fees for its services under this section with the
20 objective that all costs and expenses of its operations under
21 this section should be within its income derived from such
22 operations and that such operations should be fully self-
23 supporting.

24 “(c) The total amount of purchases and commitments
25 authorized by the President pursuant to subsection (a) of

1 this section shall not exceed \$200,000,000 outstanding at
2 any one time: *Provided*, That, notwithstanding such limita-
3 tion, the President pursuant to subsection (a) of this section
4 may also authorize the Association to exercise its powers
5 to enter into commitments to purchase immediate partici-
6 pations and to make related deferred participation agree-
7 ments as hereinafter in this subsection provided, but
8 only to the extent that the total amount of such immediate
9 participation commitments and purchases pursuant thereto
10 (but not including the amount of any related deferred par-
11 ticipation agreements or purchases pursuant thereto) shall
12 not in any event exceed \$100,000,000 outstanding at any
13 one time, and any such deferred participation agreements
14 shall be made by the Association only on the basis of a
15 commitment by it to purchase an immediate participation
16 of a 20 per centum undivided interest in each mortgage and
17 a related deferred participation agreement by the Asso-
18 ciation to purchase the remaining outstanding interest in
19 such mortgage conditional upon the occurrence of such a
20 default as gives rise to the right to foreclose.

21 “(d) The Association may issue to the Secretary of
22 the Treasury its obligations in an amount outstanding at any
23 one time sufficient to enable the Association to carry out
24 its functions under this section, such obligations to mature
25 not more than five years from their respective dates of issue,

1 to be redeemable at the option of the Association before
2 maturity in such manner as may be stipulated in such obliga-
3 tions. Each such obligation shall bear interest at a rate
4 determined by the Secretary of the Treasury, taking into
5 consideration the current average rate on outstanding mar-
6 ketable obligations of the United States as of the last day
7 of the month preceding the issuance of the obligation of the
8 Association. The Secretary of the Treasury is authorized to
9 purchase any obligations of the Association to be issued under
10 this section, and for such purpose the Secretary of the Treas-
11 ury is authorized to use as a public debt transaction the
12 proceeds from the sale of any securities issued under the
13 Second Liberty Bond Act, as now or hereafter in force, and
14 the purposes for which securities may be issued under the
15 Second Liberty Bond Act, as now or hereafter in force, are
16 extended to include any purchases of the Association's
17 obligations hereunder.

18 "MANAGEMENT AND LIQUIDATING FUNCTIONS

19 "SEC. 306. (a) To carry out the purposes set forth in
20 paragraph (c) of section 301, the Association is authorized
21 and directed, as of the close of the cutoff date determined
22 by the Association pursuant to section 303 (d) of this title,
23 to establish separate accountability for all of its assets and
24 liabilities (exclusive of capital, surplus, surplus reserves, and
25 undistributed earnings to be evidenced by capital stock as

1 provided in section 303 (d) hereof, but inclusive of all rights
2 and obligations under any outstanding contracts), and to
3 maintain such separate accountability for the management
4 and orderly liquidation of such assets and liabilities as pro-
5 vided in this section.

6 “(b) For the purposes of this section and to assure that,
7 to the maximum extent, and as rapidly as possible, private
8 financing will be substituted for Treasury borrowings other-
9 wise required to carry mortgages held under the aforesaid
10 separate accountability, the Association is authorized to issue,
11 upon the approval of the Secretary of the Treasury, and have
12 outstanding at any one time obligations having such matu-
13 rities and bearing such rate or rates of interest as may be
14 determined by the Association with the approval of the Sec-
15 retary of the Treasury, to be redeemable at the option of the
16 Association before maturity in such manner as may be stipu-
17 lated in such obligations; but in no event shall any such
18 obligations be issued if, at the time of such proposed issuance,
19 and as a consequence thereof, the resulting aggregate amount
20 of its outstanding obligations under this subsection would
21 exceed the amount of the Association’s ownership under the
22 aforesaid separate accountability, free from any liens or
23 encumbrances, of cash, mortgages, and bonds or other
24 obligations of, or bonds or other obligations guaranteed
25 as to principal and interest by, the United States. The pro-

ceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

“(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancella-

1 tion of any commitments to purchase mortgages thereunder,
2 as reflected by the books of the Association, with the objective
3 that the entire aforesaid maximum amount shall be eliminated
4 with the orderly liquidation of all mortgages held under the
5 aforesaid separate accountability: *And provided further,*
6 That nothing in this subsection shall preclude the Association
7 from granting such usual and customary increases in the
8 amounts of outstanding commitments (resulting from in-
9 creased costs or otherwise) as have theretofore been covered
10 by like increases in commitments granted by the agencies of
11 the Federal Government insuring or guaranteeing the mort-
12 gages. There shall be excluded from the total amounts set
13 forth in this subsection and subsection (e) of this section
14 the amounts of any mortgages otherwise transferred by law
15 to the Association and held under the aforesaid separate
16 accountability.

17 “(d) The Association may issue to the Secretary of the
18 Treasury its obligations in an amount outstanding at any
19 one time sufficient to enable the Association to carry out its
20 functions under this section, such obligations to mature not
21 more than five years from their respective dates of issue, to
22 be redeemable at the option of the Association before ma-
23 turity in such manner as may be stipulated in such obliga-
24 tions. Each such obligation shall bear interest at a rate
25 determined by the Secretary of the Treasury, taking into

1 consideration the current average rate on outstanding mar-
2 ketable obligations of the United States as of the last day of
3 the month preceding the issuance of the obligation of the
4 Association. The Secretary of the Treasury is authorized to
5 purchase any obligations of the Association to be issued
6 under this section, and for such purpose the Secretary of the
7 Treasury is authorized to use as a public debt transaction
8 the proceeds from the sale of any securities issued under the
9 Second Liberty Bond Act, as now or hereafter in force, and
10 the purposes for which securities may be issued under the
11 Second Liberty Bond Act, as now or hereafter in force, are
12 extended to include any purchases of the Association's obliga-
13 tions hereunder.

14 “(e) Of the \$3,650,000,000 total amount of invest-
15 ments, loans, purchases, and commitments heretofore au-
16 thorized to be outstanding at any one time under this title
17 III prior to the enactment of the Housing Act of 1954, a
18 total of not to exceed \$300,000,000 shall be applicable as
19 provided in section 305 of this title, and a total of not to ex-
20 ceed \$3,350,000,000 shall be applicable as provided in sub-
21 section (c) of this section.

22 “SEPARATE ACCOUNTABILITY

23 “SEC. 307. (a) The Association shall establish and at all
24 times maintain separate accountability for (1) its secondary
25 market operations authorized by section 304 hereof, (2) its

1 special assistance functions authorized by section 305 hereof,
2 and (3) its management and liquidating functions authorized
3 by section 306 hereof.

4 “(b) With respect to the functions or operations of the
5 Association under sections 305 and 306, respectively, of this
6 title, (1) there shall be no recourse to the capitalization of the
7 Association provided for by section 303 of this title, and (2)
8 mortgage sellers shall not be required to make payment to the
9 Association of the capital contributions provided for by sec-
10 tion 303 (b) of this title.

11 “(c) All of the benefits and burdens incident to the ad-
12 ministration of the functions and operations of the Associa-
13 tion under sections 305 and 306, respectively, of this title,
14 after allowance for related obligations of the Association, its
15 prorated expenses, and the like, including amounts required
16 for the establishment of such reserves as the board of directors
17 of the Association shall deem appropriate, shall inure solely
18 to the Secretary of the Treasury, and such related earnings or
19 other amounts as become available shall be paid annually by
20 the Association to the Secretary of the Treasury for covering
21 into miscellaneous receipts.

22 “BOARD OF DIRECTORS

23 “SEC. 308. (a) The Association shall have a Board
24 of Directors consisting of five persons, one of whom shall be

1 the Housing and Home Finance Administrator as Chairman
2 of the Board, and four of whom shall be appointed by said
3 Administrator from among the officers or employees of
4 the Association, of the immediate office of said Administrator,
5 or (with the consent of the head of such department or
6 agency) of any other department or agency of the Federal
7 Government. The board of directors shall meet at the call
8 of its chairman, who shall require it to meet not less often
9 than once each month. Within the limitations of law, the
10 board shall determine the general policies which shall govern
11 the operations of the Association. The chairman of the
12 board shall select and effect the appointment of qualified per-
13 sons to fill the offices of president and vice president, and
14 such other offices as may be provided for in the bylaws, with
15 such executive functions, powers, and duties as may be pre-
16 scribed by the bylaws or by the board of directors, and
17 such persons shall be the executive officers of the Associa-
18 tion and shall discharge all such executive functions, powers,
19 and duties. The basic rate of compensation of the position
20 of president of the Association shall be the same as the basic
21 rate of compensation established for the heads of the con-
22 stituent agencies of the Housing and Home Finance Agency.
23 The members of the board, as such, shall not receive com-
24 pensation for their services.

1 "GENERAL POWERS

2 "SEC. 309. (a) The Association shall have power to
3 adopt, alter, and use a corporate seal, which shall be judi-
4 cially noticed; by its board of directors, to adopt, amend, and
5 repeal bylaws governing the performance of the powers and
6 duties granted to or imposed upon it by law; to enter into
7 and perform contracts, leases, cooperative agreements, or
8 other transactions, on such terms as it may deem appropriate,
9 with any agency or instrumentality of the United States,
10 or with any State, territory, or possession, or with any
11 political subdivision thereof, or with any person, firm, asso-
12 ciation, or corporation; to execute, in accordance with its
13 bylaws, all instruments necessary or appropriate in the
14 exercise of any of its powers; in its corporate name, to sue
15 and to be sued, and to complain and to defend, in any court
16 of competent jurisdiction, State or Federal, but no attach-
17 ment, injunction, or other similar process, mesne or final,
18 shall be issued against the property of the Association or
19 against the Association with respect to its property; to con-
20 duct its business in any State of the United States, including
21 the District of Columbia, the Commonwealth of Puerto Rico,
22 and the territories and possessions of the United States; to
23 lease, purchase, or acquire any property, real, personal, or
24 mixed, or any interest therein, to hold, rent, maintain, mod-
25 ernize, renovate, improve, use, and operate such property, and

1 to sell, for cash or credit, lease, or otherwise dispose of the
2 same, at such time and in such manner as and to the extent
3 that the Association may deem necessary or appropriate; to
4 prescribe, repeal, and amend or modify, rules, regulations, or
5 requirements governing the manner in which its general busi-
6 ness may be conducted; to accept gifts or donations of serv-
7 ices, or of property, real, personal, or mixed, tangible, or
8 intangible, in aid of any of the purposes of the Association;
9 and to do all things as are necessary or incidental to the
10 proper management of its affairs and the proper conduct of
11 its business.

12 “(b) Except as may be otherwise provided in this title,
13 in the Government Corporation Control Act, or in other
14 laws specifically applicable to Government corporations, the
15 Association shall determine the necessity for and the char-
16 acter and amount of its obligations and expenditures and the
17 manner in which they shall be incurred, allowed, paid, and
18 accounted for.

19 “(c) The Association, including its franchise, capital,
20 reserves, surplus, mortgages, and income shall be exempt
21 from all taxation now or hereafter imposed by the United
22 States, by any territory, dependency, or possession thereof,
23 or by any State, county, municipality, or local taxing author-
24 ity, except that (1) any real property of the Association
25 shall be subject to State, territorial, county, municipal, or

1 local taxation to the same extent according to its value as
2 other real property is taxed, and (2) the Association shall,
3 with respect to its secondary market operations under sec-
4 tion 304 after the cutoff date referred to in section 303 (d)
5 of this title, pay annually to the Secretary of the Treasury,
6 for covering into miscellaneous receipts, an amount equiva-
7 lent to the amount of Federal income taxes for which it would
8 be subject if it were not exempt from such taxes with respect
9 to such secondary market operations.

10 “(d) The Chairman of the Board shall have power to
11 select and appoint or employ such officers, attorneys, em-
12 ployees, and agents, to vest them with such powers and
13 duties, and to fix and to cause the Association to pay such
14 compensation to them for their services, as he may deter-
15 mine, subject to the civil service and classification laws.
16 Bonds may be required for the faithful performance of their
17 duties, and the Association may pay the premiums therefor.
18 With the consent of any Government corporation or Federal
19 Reserve bank, or of any board, commission, independent
20 establishment, or executive department of the Government,
21 the Association may avail itself on a reimbursable basis of
22 the use of information, services, facilities, officers, and em-
23 ployees thereof, including any field service thereof, in carry-
24 ing out the provisions of this title.

25 “(e) No individual, association, partnership, or corpora-

1 tion, except the body corporate created by section 302 of
2 this title, shall hereafter use the words 'Federal National
3 Mortgage Association' or any combination of such words,
4 as the name or a part thereof under which he or it shall do
5 business. Every individual, partnership, association, or cor-
6 poration violating this prohibition shall be guilty of a mis-
7 demeanor and shall be punished by a fine of not exceeding
8 \$100 or imprisonment not exceeding thirty days, or both, for
9 each day during which such violation is committed or
10 repeated.

11 “(f) In order that the Association may be supplied with
12 such forms of obligations or certificates as it may need for
13 issuance under this title, the Secretary of the Treasury is
14 authorized, upon request of the Association, to prepare such
15 forms as shall be suitable and approved by the Association,
16 to be held in the Treasury subject to delivery, upon order
17 of the Association. The engraved plates, dies, bed pieces,
18 and other material executed in connection therewith shall
19 remain in the custody of the Secretary of the Treasury. The
20 Association shall reimburse the Secretary of the Treasury
21 for any expenses incurred in the preparation, custody, and
22 delivery of such forms.

23 “(g) The Federal Reserve banks are authorized and
24 directed to act as depositaries, custodians, and fiscal agents

1 for the Association in the general performance of its powers,
2 and the Association shall reimburse such Federal Reserve
3 banks for such services in such manner as may be agreed
4 upon.

5 "INVESTMENT OF FUNDS

6 "SEC. 310. Moneys of the Association not invested in
7 mortgages or in operating facilities shall be kept in cash
8 on hand or on deposit, or invested in bonds or other obliga-
9 tions of, or in bonds or other obligations guaranteed as to
10 principal and interest by, the United States.

11 "OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

12 "SEC. 311. All obligations issued by the Association
13 shall be lawful investments, and may be accepted as security
14 for all fiduciary, trust, and public funds, the investment or
15 deposit of which shall be under the authority and control of
16 the United States or any officer or officers thereof.

17 "SHORT TITLE

18 "SEC. 312. This title III may be referred to as the
19 'Federal National Mortgage Association Charter Act'."

20 SEC. 202. The Federal National Mortgage Association,
21 established pursuant to the provisions of title III of the Na-
22 tional Housing Act as in effect prior to July 1, 1948, and
23 named in section 101 of the Government Corporation Control
24 Act, as amended, shall be the body corporate referred to in

1 section 302 of title III of the National Housing Act, as
2 amended by the Housing Act of 1954.

3 SEC. 203. The penultimate sentence of paragraph
4 Seventh of section 5136 of the Revised Statutes, as amended,
5 is hereby amended by striking "or obligations of national
6 mortgage associations" and inserting "or obligations of the
7 Federal National Mortgage Association".

8 SEC. 204. (a) Subsection (h) of section 11 of the
9 Federal Home Loan Bank Act, as amended, is hereby
10 amended by inserting after "in obligations of the United
11 States" a comma and the following: "in obligations of the
12 Federal National Mortgage Association,". The last sentence
13 of section 16 of said Act is amended by inserting after "in
14 direct obligations of the United States" a comma and the
15 following: "in obligations of the Federal National Mortgage
16 Association,".

17 (b) The first paragraph of subsection (c) of section 5
18 of the Home Owners' Loan Act of 1933, as amended, is
19 hereby amended by inserting in the second proviso before
20 the colon and after "Federal Home Loan Bank" the follow-
21 ing: "or in the obligations of the Federal National Mortgage
22 Association".

23 SEC. 205. Subsection (b) of section 2 of the Alaska
24 Housing Act, as amended, is hereby repealed.

1 SEC. 206. Public Law 243, Eighty-second Congress, ap-
2 proved October 30, 1951, as amended, is hereby repealed.

3 SEC. 207. The functions of the Housing and Home
4 Finance Administrator (including the function of making
5 payments to the Secretary of the Treasury) under section 2 of
6 Reorganization Plan Numbered 22 of 1950, together with the
7 notes and capital stock of the Federal National Mortgage
8 Association held by said Administrator thereunder, are
9 hereby transferred to the Federal National Mortgage
10 Association.

11 TITLE III—SLUM CLEARANCE AND URBAN
12 RENEWAL

13 SEC. 301. The heading of title I of the Housing Act of
14 1949, as amended, is hereby amended to read "TITLE I—
15 SLUM CLEARANCE AND URBAN RENEWAL".

SEC. 302. Title I of said Act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

19 "URBAN RENEWAL FUND

20 “SEC. 100. The authorizations, funds, and appropriations
21 available pursuant to sections 103 and 104 hereof shall con-
22 stitute a fund, to be known as the ‘Urban Renewal Fund’,
23 and shall be available for advances, loans, and capital grants
24 to local public agencies for urban renewal projects in ac-
25 cordance with the provisions of this title, and all contracts,

1 obligations, assets, and liabilities existing under or pursuant
2 to said sections prior to the enactment of the Housing Act
3 of 1954 are hereby transferred to said Fund.”

4 SEC. 303. Section 101 of said Act, as amended, is hereby
5 amended to read as follows:

6 “SEC. 101. (a) In entering into any contract for ad-
7 vances for surveys, plans, and other preliminary work for
8 projects under this title, the Administrator shall give con-
9 sideration to the extent to which appropriate local public
10 bodies have undertaken positive programs (through the adop-
11 tion, modernization, administration, and enforcement of hous-
12 ing, zoning, building and other local laws, codes and regula-
13 tions relating to land use and adequate standards of health,
14 sanitation, and safety for buildings, including the use and
15 occupancy of dwellings) for (1) preventing the spread or
16 recurrence in the community of slums and blighted areas,
17 and (2) encouraging housing cost reductions through the
18 use of appropriate new materials, techniques, and methods in
19 land and residential planning, design, and construction, the
20 increase of efficiency in residential construction, and the
21 elimination of restrictive practices which unnecessarily in-
22 crease housing costs.

23 “(b) In the administration of this title, the Adminis-
24 trator shall encourage the operations of such local public
25 agencies as are established on a State, or regional (within a

1 State), or unified metropolitan basis or as are established on
2 such other basis as permits such agencies to contribute effec-
3 tively toward the solution of community development or
4 redevelopment problems on a State, or regional (within a
5 State), or unified metropolitan basis.

6 “(c) No contract shall be entered into for any loan or
7 capital grant under this title, or for annual contributions or
8 capital grants pursuant to the United States Housing Act of
9 1937, as amended, for any project or projects not constructed
10 or covered by a contract for annual contributions prior to the
11 effective date of the Housing Act of 1954, and no mortgage
12 shall be insured, and no commitment to insure a mortgage
13 shall be issued, under section 220 or 221 of the National
14 Housing Act, as amended, unless (1) there is presented to
15 the Administrator by the locality a workable program (which
16 shall include an official plan of action, as it exists from time
17 to time, for effectively dealing with the problem of urban
18 slums and blight within the community and for the establish-
19 ment and preservation of a well-planned community with
20 well-organized residential neighborhoods of decent homes and
21 suitable living environment for adequate family life) for
22 utilizing appropriate private and public resources to eliminate,
23 and prevent the development or spread of, slums and urban
24 blight, to encourage needed urban rehabilitation, to provide
25 for the redevelopment of blighted, deteriorated, or slum areas,

1 or to undertake such of the aforesaid activities or other
2 feasible community activities as may be suitably employed
3 to achieve the objectives of such a program, and (2) on the
4 basis of his review of such program, the Administrator de-
5 termines that such program meets the requirements of this
6 subsection and certifies to the constituent agencies affected
7 that the Federal assistance may be made available in such
8 community: *Provided*, That this sentence shall not apply to
9 the insurance of, or commitment to insure, a mortgage under
10 section 220 of the National Housing Act, as amended, if the
11 mortgaged property is in an area referred to in clause (2) of
12 section 220 (a), or under section 221 of the National Hous-
13 ing Act, as amended, if the mortgaged property is in a com-
14 munity referred to in clause (2) of section 221 (a).

15 “(d) The Administrator is authorized to establish facil-
16 ities (1) for furnishing to communities, at their request, an
17 urban renewal service to assist them in the preparation of a
18 workable program as referred to in the preceding subsection
19 and to provide them with technical and professional assist-
20 ance for planning and developing local urban renewal pro-
21 grams, and (2) for the assembly, analysis and reporting of
22 information pertaining to such programs.”

23 SEC. 304. Section 102 of said Act, as amended, is
24 hereby amended—

25 (1) by amending the first sentence in subsection

1 (a) to read as follows: "To assist local communities in
2 the elimination of slums and blighted or deteriorated or
3 deteriorating areas, in preventing the spread of slums,
4 blight or deterioration, and in providing maximum
5 opportunity for the redevelopment, rehabilitation, and
6 conservation of such areas by private enterprise, the Ad-
7 ministrator may make temporary and definitive loans to
8 local public agencies in accordance with the provisions
9 of this title for the undertaking of urban renewal
10 projects.";

11 (2) by inserting in the second sentence of subsec-
12 tion (a) before the word "expenditures" the word "esti-
13 mated" and by inserting after the word "bonds" the
14 words "or other obligations";

15 (3) by striking out "new uses of land in the project
16 area" at the end of the first sentence of subsection (b)
17 and inserting "new uses of such land in the project
18 area";

19 (4) by striking out the words "bear interest as such
20 rate" in the second sentence of subsection (b) and
21 inserting "bear interest at such rate"; and

22 (5) by amending subsection (d) to read as follows:

23 "(d) The Administrator may make advances of
24 funds to local public agencies for surveys and plans for
25 urban renewal projects which may be assisted under this

1 title, including, but not limited to, (i) plans for carrying
2 out a program of voluntary repair and rehabilitation of
3 buildings and improvements, (ii) plans for the enforce-
4 ment of State and local laws, codes, and regulations re-
5 lating to the use of land and the use and occupancy of
6 buildings and improvements, and to the compulsory
7 repair, rehabilitation, demolition, or removal of buildings
8 and improvements, and (iii) appraisals, title searches,
9 and other preliminary work necessary to prepare for the
10 acquisition of land in connection with the undertaking of
11 such projects. The contract for any such advance of
12 funds shall be made upon the condition that such advance
13 of funds shall be repaid, with interest at not less than the
14 applicable going Federal rate, out of any moneys which
15 become available to the local public agency for the
16 undertaking of the project involved.”.

17 SEC. 305. Subsection (a) of section 103 of said Act, as
18 amended, is hereby amended to read as follows:

19 “(a) The Administrator may make capital grants to
20 local public agencies in accordance with the provisions of
21 this title for urban renewal projects: *Provided*, That the
22 Administrator shall not make any contract for capital grant
23 with respect to a project which consists of open land under
24 clause (1) (iii) of the second sentence of section 110 (c).
25 The aggregate of such capital grants with respect to all the

1 projects of a local public agency on which contracts for cap-
2 ital grants have been made under this title shall not exceed
3 two-thirds of the aggregate of the net project costs of such
4 projects, and the capital grant with respect to any individual
5 project shall not exceed the difference between the net
6 project cost and the local grants-in-aid actually made with
7 respect to the project.”.

8 SEC. 306. Section 104 of said Act, as amended, is
9 hereby amended by striking “section 110 (f) of land” and
10 inserting “section 110 (f) of the property”.

11 SEC. 307. Section 105 of said Act, as amended, is
12 hereby amended—

13 (1) by striking “Contracts for financial aid” and
14 inserting “Contracts for loans or capital grants”;

15 (2) by amending subsections (a) and (b) to read
16 as follows:

17 “(a) The urban renewal plan (including any re-
18 development plan constituting a part thereof) for the
19 urban renewal area be approved by the governing body
20 of the locality in which the project is situated, and that
21 such approval include findings by the governing body
22 that (i) the financial aid to be provided in the contract
23 is necessary to enable the project to be undertaken in
24 accordance with the urban renewal plan; (ii) the urban
25 renewal plan will afford maximum opportunity, con-

1 sistent with the sound needs of the locality as a whole,
2 for the rehabilitation or redevelopment of the urban
3 renewal area by private enterprise; and (iii) the urban
4 renewal plan conforms to a general plan for the develop-
5 ment of the locality as a whole;

6 “(b) When real property acquired or held by the
7 local public agency in connection with the project is sold
8 or leased, the purchasers or lessees and their assignees
9 shall be obligated (i) to devote such property to the uses
10 specified in the urban renewal plan for the project area;
11 (ii) to begin within a reasonable time any improve-
12 ments on such property required by the urban renewal
13 plan; and (iii) to comply with such other conditions as
14 the Administrator finds, prior to the execution of the
15 contract for loan or capital grant pursuant to this title,
16 are necessary to carry out the purposes of this title:
17 *Provided*, That clauses (ii) and (iii) of this subsection
18 shall not apply to mortgagees and others who acquire an
19 interest in such property as the result of the enforcement
20 of any lien or claim thereon;”;

21 (3) by striking the word “project” wherever it
22 appears in subsection (c) and inserting the term “urban
23 renewal”; and

24 (4) by striking out the proviso at the end of sub-

1 section (c), and substituting a period for the colon pre-
2 ceding said proviso.

3 SEC. 308. Section 106 of said Act, as amended, is
4 hereby amended by inserting the following proviso before
5 the period at the end of subsection (b) : “: *Provided*, That
6 necessary expenses of inspections and audits, and of provid-
7 ing representatives at the site, of projects being planned or
8 undertaken by local public agencies pursuant to this title
9 shall be compensated by such agencies by the payment of
10 fixed fees which in the aggregate will cover the costs of
11 rendering such services, and such expenses shall be considered
12 nonadministrative; and for the purpose of providing such in-
13 spections and audits and of providing representatives at the
14 sites, the Administrator may utilize any agency and such
15 agency may accept reimbursement or payment for such
16 services from such local public agencies or the Administrator,
17 and credit such amounts to the appropriations or funds against
18 which such charges have been made”.

19 SEC. 309. Section 107 of said Act, as amended, is hereby
20 amended by striking out the word “redevelopment plan”
21 and inserting “urban renewal plan”.

22 SEC. 310. Section 109 of said Act, as amended, is hereby
23 amended to read as follows:

1 “SEC. 109. In order to protect labor standards—

2 “(a) any contract for loan or capital grant pursuant
3 to this title shall contain a provision requiring that not
4 less than the salaries prevailing in the locality, as deter-
5 mined or adopted (subsequent to a determination under
6 applicable State or local law) by the Administrator, shall
7 be paid to all architects, technical engineers, draftsmen,
8 and technicians employed in the development of the
9 project involved and shall also contain a provision that
10 not less than the wages prevailing in the locality, as pre-
11 determined by the Secretary of Labor pursuant to the
12 Davis-Bacon Act (49 Stat. 1011), shall be paid to all
13 laborers and mechanics, except such laborers or me-
14 chanics who are employees of municipalities or other
15 local public bodies, employed in the development of
16 the project involved for work financed in whole or in
17 part with funds made available pursuant to this title;
18 and the Administrator shall require certification as to
19 compliance with the provisions of this paragraph prior
20 to making any payment under such contract; and

21 “(b) the provisions of title 18, United States Code,
22 section 874, and of title 40, United States Code, section
23 276c, shall apply to work financed in whole or in part

1 with funds made available for the development of a
2 project pursuant to this title.”.

3 SEC. 311. Section 110 of said Act, as amended, is hereby
4 amended to read as follows:

5 “SEC. 110. The following terms shall have the meanings,
6 respectively, ascribed to them below, and, unless the context
7 clearly indicates otherwise, shall include the plural as well
8 as the singular number:

9 “(a) ‘Urban renewal area’ means an urban area that
10 (1) the governing body of the locality determines to be
11 blighted, deteriorated, or deteriorating and designates as ap-
12 propriate for an urban renewal project, and (2) the Admin-
13 istrator approves as appropriate for a project under this title.

14 “(b) ‘Urban renewal plan’ means a plan, as it exists
15 from time to time, for an urban renewal project, which plan
16 (1) shall conform to the general plan of the locality as a
17 whole and to the workable program referred to in section 101
18 hereof; (2) shall be sufficiently complete to indicate such
19 land acquisition, demolition and removal of structures, re-
20 development, improvements, and rehabilitation as may be
21 proposed to be carried out in the urban renewal area, zoning
22 and planning changes, if any, land uses, maximum densities,
23 building requirements, and the plan’s relationship to definite
24 local objectives respecting appropriate land uses, improved
25 traffic, public transportation, public utilities, recreational and

1 community facilities, and other public improvements; and
2 (3) shall include, for any part of the urban renewal area
3 proposed to be acquired and redeveloped in accordance with
4 clause (1) of the second sentence of subsection (c) of this
5 section, a redevelopment plan approved by the governing
6 body of the locality.

7 “(c) ‘Urban renewal project’ or ‘project’ may include
8 undertakings and activities of a local public agency in an
9 urban renewal area for the elimination and for the preven-
10 tion of the development or spread of slums and blight, in
11 accordance with an urban renewal plan to achieve sound
12 community objectives for the establishment and preservation
13 of well-planned residential neighborhoods of decent homes
14 and suitable living environment for adequate family life, and
15 may involve slum clearance and redevelopment in an urban
16 renewal area, or rehabilitation or conservation in an urban
17 renewal area, or any combination or part thereof, in accord-
18 ance with such urban renewal plan. For the purposes of this
19 subsection, ‘slum clearance and redevelopment’ may include
20 (1) acquisition of (i) a slum area or a deteriorated or
21 deteriorating area, or (ii) land which is either open or pre-
22 dominantly open and which because of obsolete platting,
23 diversity of ownership, deterioration of structures or of site
24 improvements, or otherwise, substantially impairs or arrests
25 the sound growth of the community, or (iii) open land neces-

1 sary for sound community growth which is to be developed
2 for predominantly residential uses: *Provided*, That the
3 requirement in paragraph (a) of this section that the area
4 be blighted, deteriorated, or deteriorating shall not be
5 applicable in the case of an open land project; (2) demo-
6 lition and removal of buildings and improvements; (3)
7 installation, construction, or reconstruction of streets, utilities,
8 parks, playgrounds, and other improvements necessary for
9 carrying out in the area the urban renewal objectives of this
10 title in accordance with the urban renewal plan; and (4)
11 making the land available for development or redevelopment
12 by private enterprise or public agencies (including sale,
13 initial leasing, or retention by the local public agency itself)
14 at its fair value for uses in accordance with the urban re-
15 newal plan. For the purposes of this subsection, 'rehabilita-
16 tion' or 'conservation' may include the restoration and
17 renewal of a blighted, deteriorated, or deteriorating area by
18 (1) carrying out plans for a program of voluntary repair and
19 rehabilitation of buildings or other improvements in accord-
20 ance with the urban renewal plan; (2) acquisition of real
21 property and demolition or removal of buildings and improve-
22 ments thereon where necessary to eliminate unhealthful, in-
23 sanitary or unsafe conditions, lessen density, eliminate
24 obsolete or other uses detrimental to the public welfare, or to
25 otherwise remove or prevent the spread of blight or deteriora-

1 tion, or to provide land for needed public facilities; (3)
2 installation, construction, or reconstruction, of such improve-
3 ments as are described in clause (3) of the preceding sen-
4 tence; and (4) the disposition of any property acquired in
5 such urban renewal area (including sale, initial leasing, or
6 retention by the local public agency itself) at its fair value
7 for uses in accordance with the urban renewal plan.

8 “For the purposes of this title, the term ‘project’ shall
9 not include the construction or improvement of any building,
10 and the term ‘redevelopment’ and derivatives thereof shall
11 mean development as well as redevelopment. For any of
12 the purposes of section 109 hereof, the term ‘project’ shall
13 not include any donations or provisions made as local grants-
14 in-aid and eligible as such pursuant to clauses (2) and (3)
15 of section 110 (d) hereof.

16 “(d) ‘Local grants-in-aid’ shall mean assistance by a
17 State, municipality, or other public body, or (in the case
18 of cash grants or donations of land or other real property)
19 any other entity, in connection with any project on which a
20 contract for capital grant has been made under this title, in
21 the form of (1) cash grants; (2) donations, at cash value,
22 of land or other real property (exclusive of land in streets,
23 alleys, and other public rights-of-way which may be vacated
24 in connection with the project) in the urban renewal area,

1 and demolition, removal, or other work or improvements in
2 the urban renewal area, at the cost thereof, of the types
3 described in clause (2) and clause (3) of either the second
4 or third sentence of section 110 (c) ; and (3) the provision,
5 at their cost, of public buildings or other public facilities
6 (other than publicly-owned housing, and revenue-producing
7 public utilities, the capital cost of which is financed by service
8 charges or special assessments) which are necessary for carry-
9 ing out in the area the urban renewal objectives of this title in
10 accordance with the urban renewal plan: *Provided*, That in
11 any case where, in the determination of the Administrator,
12 any park, playground, public building, or other public facility
13 is of direct benefit both to the urban renewal area and to other
14 areas, and the approximate degree of the benefit to such other
15 areas is estimated by the Administrator at 20 per centum or
16 more of the total benefits, the Administrator shall provide that,
17 for the purpose of computing the amount of the local grants-
18 in-aid for the project, there shall be included only such por-
19 tion of the cost of such facility as the Administrator estimates
20 to be proportionate to the approximate degree of the benefit
21 of such facility to the urban renewal area: *And provided fur-*
22 *ther*, That for the purpose of computing the amount of local
23 grants-in-aid under this section 110 (d), the estimated cost
24 (as determined by the Administrator) of parks, playgrounds,

1 public buildings, or other public facilities may be deemed to
2 be the actual cost thereof if (i) the construction or provision
3 thereof is not completed at the time of final disposition of land
4 in the project to be acquired and disposed of under the urban
5 renewal plan, and (ii) the Administrator has received assur-
6 ances satisfactory to him that such park, playground, public
7 building, or other public facility will be constructed or com-
8 pleted when needed and within a time prescribed by him.
9 With respect to any demolition or removal work, improvement,
10 or facility for which a State, municipality, or other public
11 body has received or has contracted to receive any grant or
12 subsidy from the United States, or any agency or instru-
13 mentality thereof, the portion of the cost thereof defrayed or
14 estimated by the Administrator to be defrayed with such
15 subsidy or grant shall not be eligible for inclusion as a local
16 grant-in-aid.

17 “(e) ‘Gross project cost’ shall comprise (1) the amount
18 of the expenditures by the local public agency with respect
19 to any and all undertakings necessary to carry out the
20 project (including the payment of carrying charges, but not
21 beyond the point where the project is completed), and (2)
22 the amount of such local grants-in-aid as are furnished in
23 forms other than cash.

24 “(f) ‘Net project cost’ shall mean the difference be-

1 between the gross project cost and the aggregate of (1) the
2 total sales prices of all land or other property sold, and (2)
3 the total capital values (i) imputed, on a basis approved by
4 the Administrator, to all land or other property leased, and
5 (ii) used as a basis for determining the amounts to be trans-
6 ferred to the project from other funds of the local public
7 agency to compensate for any land or other property re-
8 tained by it for use in accordance with the urban renewal
9 plan.

10 “(g) ‘Going Federal rate’ means (with respect to any
11 contract for a loan or advance entered into after the first
12 annual rate has been specified as provided in this sentence)
13 the annual rate of interest which the Secretary of the Treas-
14 ury shall specify as applicable to the six-month period (be-
15 ginning with the six-month period ending December 31,
16 1953) during which the contract for loan or advance is made,
17 which applicable rate for each six-month period shall be
18 determined by the Secretary of the Treasury by estimating
19 the average yield to maturity, on the basis of daily closing
20 market bid quotations or prices during the month of May
21 or the month of November, as the case may be, next preced-
22 ing such six-month period, on all outstanding marketable
23 obligations of the United States having a maturity date of
24 fifteen or more years from the first day of such month of May

1 or November, and by adjusting such estimated average an-
2 nual yield to the nearest one-eighth of 1 per centum. Any
3 contract for loan made may be revised or superseded by a
4 later contract, so that the going Federal rate, on the basis
5 of which the interest rate on the loan is fixed, shall mean
6 the going Federal rate, as herein defined, on the date that
7 such contract is revised or superseded by such later contract.

8 “(h) ‘Local public agency’ means any State, county,
9 municipality, or other governmental entity or public body,
10 or two or more such entities or bodies, authorized to under-
11 take the project for which assistance is sought. ‘State’ in-
12 cludes the several States, the District of Columbia, the Com-
13 monwealth of Puerto Rico, and the territories and posses-
14 sions of the United States.

15 “(i) ‘Land’ means any real property, including im-
16 proved or unimproved land, structures, improvements, ease-
17 ments, incorporeal hereditaments, estates, and other rights in
18 land, legal or equitable.

19 “(j) ‘Administrator’ means the Housing and Home
20 Finance Administrator.”

21 SEC. 312. Notwithstanding the amendments of this title
22 to title I of the Housing Act of 1949, as amended, the
23 Administrator, with respect to any project covered by any
24 Federal aid contract executed, or prior approval granted, by

1 him under said title I before the effective date of this Act,
2 upon request of the local public agency, shall continue to
3 extend financial assistance for the completion of such project
4 in accordance with the provisions of said title I in force
5 immediately prior to the effective date of this Act.

6 SEC. 313. The provisos with respect to the appropria-
7 tion for capital grants for slum clearance and urban rede-
8 velopment contained in title I of the First Independent
9 Offices Appropriation Act, 1954 (Public Law 176, Eighty-
10 third Congress) are hereby repealed.

11 SEC. 314. The Housing and Home Finance Adminis-
12 trator is authorized to make grants, subject to such terms and
13 conditions as he shall prescribe, to public bodies, including
14 cities and other political subdivisions, to assist them in de-
15 veloping, testing, and reporting methods and techniques, and
16 carrying out demonstrations and other activities for the pre-
17 vention and the elimination of slums and urban blight. No
18 such grant shall exceed two-thirds of the cost, as determined
19 or estimated by said Administrator, of such activities or
20 undertakings. In administering this section, said Adminis-
21 trator shall give preference to those undertakings which in
22 his judgment can reasonably be expected to (1) contribute
23 most significantly to the improvement of methods and tech-
24 niques for the elimination and prevention of slums and blight,
25 and (2) best serve to guide renewal programs in other com-

1 munities. Said Administrator may make advance or prog-
2 ress payments on account of any grant contracted to be
3 made pursuant to this section, notwithstanding the provisions
4 of section 3648 of the Revised Statutes, as amended. The
5 aggregate amount of grants made under this section shall not
6 exceed \$5,000,000 and shall be payable from the capital
7 grant funds provided under and authorized by section 103
8 (b) of the Housing Act of 1949, as amended.

9 SEC. 315. Section 19 of the District of Columbia Rede-
10 velopment Act of 1945, as amended, is hereby amended by
11 striking "\$2,000" in subsection (a) and subsection (b)
12 and inserting in each instance "\$3,000 unless insured as pro-
13 vided in title I of the National Housing Act, as amended".

14 SEC. 316. Section 20 of the District of Columbia Rede-
15 velopment Act of 1945, as amended, is hereby amended—

16 (1) by striking "1949" wherever it appears in said
17 section and inserting "1949, as amended": *Provided*,
18 That this clause (1) shall not limit or restrict any au-
19 thority under said section 20; and

20 (2) by adding the following new subsections at the
21 end of said section:

22 "(i) In addition to its authority under any other provi-
23 sion of this Act, the Agency is hereby authorized to plan and
24 undertake urban renewal projects (as such projects are de-
25 fined in title I of the Housing Act of 1949, as amended), and

1 in connection therewith the Agency, the District Commis-
2 sioners, and the other appropriate agencies operating within
3 the District of Columbia shall have all of the rights and
4 powers which they have with respect to a project or projects
5 financed in accordance with the preceding subsections of this
6 section: *Provided*, That for the purpose of this subsection the
7 word 'redevelopment' wherever found in this Act (except in
8 section 3 (n)) shall mean 'urban renewal', and the references
9 in section 6 to the acquisition, disposition, or assembly of
10 real property for a project shall mean the undertaking of
11 an urban renewal project.

12 " (j) The District Commissioners are hereby authorized
13 to direct the Agency to prepare a workable program (such
14 workable program to be approved by the said Commission-
15 ers) as prescribed by section 101 (c) of the Housing Act
16 of 1949, as amended, and are also authorized to direct the
17 Agency to request the necessary funds for the preparation
18 by the Agency of said workable program. The District Com-
19 missioners are hereby authorized, with or without reimburse-
20 ment, to assist the Agency in carrying out urban renewal
21 projects and to utilize for that purpose the facilities and per-
22 sonnel of the District of Columbia under agreement with the
23 Agency."

1 TITLE IV—LOW-RENT PUBLIC HOUSING

2 SEC. 401. The United States Housing Act of 1937, as
3 amended, is hereby amended—

4 (1) by striking the words following the first colon
5 up to and including the words “such families” in sub-
6 section 10 (g) and inserting the following: “First, to
7 families which are to be displaced by any low-rent hous-
8 ing project or by any public slum-clearance, redevelop-
9 ment or urban renewal project, or through action of a
10 public body or court, either through the enforcement
11 of housing standards or through the demolition, closing,
12 or improvement of dwelling units, or which were so dis-
13 placed within three years prior to making application to
14 such public housing agency for admission to any low-
15 rent housing: *Provided*, That as among such projects
16 or actions the public housing agency may from time to
17 time extend a prior preference or preferences: *And pro-*
18 *vided further*, That, as among families within any such
19 preference group”;

20 (2) by striking the words “or was to be displaced
21 by another low-rent housing project or by a public slum-
22 clearance or redevelopment project” in clause (ii) of
23 subsection 15 (8) (b) and inserting the following: “or

1 was to be displaced by any low-rent housing project or
2 by any public slum-clearance, redevelopment or urban
3 renewal project, or through action of a public body or
4 court, either through the enforcement of housing stand-
5 ards or through the demolition, closing, or improvement
6 of a dwelling unit or units”; and

7 (3) by striking the words “not later than five years
8 after March 1, 1949” in subsection 15 (8) (b) and
9 inserting “not later than March 1, 1959”.

10 SEC. 402. Subsection 10 (h) of said Act, as amended,
11 is hereby amended to read as follows:

12 “(h) Every contract made pursuant to this Act for
13 annual contributions for any low-rent housing project ini-
14 tiated after March 1, 1949, shall provide that no annual
15 contributions by the Authority shall be made available for
16 such project unless such project is exempt from all real and
17 personal property taxes levied or imposed by the State, city,
18 county, or other political subdivisions, but such contract shall
19 require the public housing agency to make payments in lieu
20 of taxes equal to 10 per centum of the annual shelter rents
21 charged in such project or such lesser amount as (i) is
22 prescribed by State law, or (ii) is agreed to by the local
23 governing body in its agreement for local cooperation with
24 the public housing agency required under subsection 15 (7)
25 (b) (i) of this Act, or (iii) is due to failure of a local public

1 body or bodies other than the public housing agency to per-
2 form any obligation under such agreement: *Provided*, That,
3 if at the time such agreement for local cooperation is entered
4 into it appears that such 10 per centum payments in lieu of
5 taxes will not result in a contribution to the project through
6 tax exemption by the State, city, county, or other political
7 subdivisions in which the project is situated of at least 20
8 per centum of the annual contributions to be paid by the
9 Authority, the amounts of such payments in lieu of taxes shall
10 be limited by the agreement to amounts, if any, which would
11 not reduce the local contribution below such 20 per centum:
12 *Provided further*, That, with respect to any such project
13 which is not exempt from all real and personal property taxes
14 levied or imposed by the State, city, county, or other political
15 subdivisions, such contract shall provide, in lieu of the re-
16 quirement for tax exemption and payments in lieu of taxes,
17 that no annual contributions by the Authority shall be made
18 available for such project unless and until the State, city,
19 county, or other political subdivisions in which such project is
20 situated shall contribute, in the form of cash or tax remission
21 an amount equal to the greater of (i) the amount by which
22 the taxes paid with respect to the project exceeds 10 per
23 centum of the annual shelter rents charged in such project
24 or (ii) 20 per centum of the annual contributions paid by
25 the Authority (but not in excess of the taxes levied) : *And*

1 *provided further*, That, prior to execution of the contract for
2 annual contributions the public housing agency shall, in the
3 case of a tax-exempt project, notify the governing body of
4 the locality of its estimate of the annual amount of such pay-
5 ments in lieu of taxes and of the amount of taxes which would
6 be levied if the property were privately owned, or, in the
7 case where the project is taxed, its estimate of the annual
8 amount of the local cash contribution, and shall thereafter
9 include the actual amounts in its annual reports. Contracts
10 for annual contributions entered into prior to the effective
11 date of the Housing Act of 1954 may be amended in accord-
12 ance with the first sentence of this subsection.”

13 SEC. 403. Section 10 of said Act, as amended, is hereby
14 amended by adding the following new subsection:

15 “(i) Every contract made pursuant to this Act for
16 annual contributions for any low-rent housing project for
17 which no such contract has been entered into prior to the
18 enactment of the Housing Act of 1954 shall provide that—

19 “(1) after payment in full of all obligations of the
20 public housing agency in connection with the project for
21 which any annual contributions are pledged, and until
22 the total amount of annual contributions paid by the
23 Authority in respect to such project has been repaid pur-
24 suant to the provisions of this subsection, (a) all receipts
25 in connection with the project in excess of expenditures

1 necessary for management, operation, maintenance, or
2 financing, and for reasonable reserves therefor, shall be
3 paid annually to the Authority and to local public bodies
4 which have contributed to the project in the form of tax
5 exemption or otherwise, in proportion to the aggregate
6 contribution which the Authority and such local public
7 bodies have made to the project, and (b) no debt in
8 respect to the project, except for necessary expenditures
9 for the project, shall be incurred by the public housing
10 agency;

11 “ (2) if, at any time, the project or any part thereof
12 is sold, such sale shall be to the highest responsible bid-
13 der after advertising, or at fair market value, and the
14 proceeds of such sale together with any reserves, after
15 application to any outstanding debt of the public housing
16 agency in respect to such project, shall be paid to the
17 Authority and local public bodies as provided in clause
18 1 (a) of this subsection: *Provided*, That the amounts to
19 be paid to the Authority and the local public bodies shall
20 not exceed their respective total contribution to the
21 project.”.

22 SEC. 404. Paragraph (6) of section 16 of said Act, as
23 amended, is hereby repealed.

24 SEC. 405. (a) No Federal department or agency shall
25 hereafter make, or contract to make, any loan, grant, annual

1 contribution, advance, or other financial assistance available
2 for or with respect to any housing unit or units, or guarantee
3 or insure, or contract to guarantee or insure, any loan made
4 for any housing unit or units unless the owner or owners
5 thereof agrees (or, in the case of any loan which is guaran-
6 teed or insured, the lender agrees to require such owner or
7 owners to agree) that (1) prior to the admission of any
8 person to occupy any such housing unit or prior to the sale
9 of any such housing unit for occupancy by the purchaser
10 such owner or owners will obtain from the prospective oc-
11 cupant or purchaser a certificate (to which the provisions of
12 section 1001 of title 18, United States Code, are hereby ex-
13 pressly made applicable) that he is not a member of any
14 organization which, for purposes of this Act, the Attorney
15 General designates as subversive and, if the owner or owners
16 occupies a housing unit or units, he will execute such certifi-
17 cate, and (2) such owner or owners will require any pur-
18 chaser of any such housing unit or units to agree to comply
19 with the requirements of clause (1) in the same manner
20 as though the purchaser were the owner first subject thereto:
21 *Provided*, That this Act shall not affect the validity of, or
22 the powers and obligations of any Federal department or
23 agency of the United States under, any contract with respect
24 to the making of loans, grants, annual contributions, ad-

1 vances or other financial assistance, or the guaranty or
2 insurance of loans.

3 (b) Each Federal department or agency is hereby
4 authorized, with respect to any housing assisted by it, to
5 issue such regulations and procedures as it shall deem advis-
6 able for the purpose of carrying out the provisions of this
7 section, including requirements with respect to the holding
8 or filing of agreements and certificates made or executed
9 pursuant to the preceding sentence; and, with respect to any
10 housing owned by the United States, the Federal depart-
11 ment or agency having jurisdiction thereof shall issue regu-
12 lations or procedures requiring an occupant or purchaser of
13 such housing to execute an agreement or certificate similar
14 to the agreements or certificates which occupants or pur-
15 chasers would execute under subsection 801 (a) of this Act.

16 As used in this section, the term "Federal department
17 or agency" shall mean any department, agency, corporation,
18 or officer in the executive branch of the United States Gov-
19 ernment, including the Federal Home Loan Banks.

20 SEC. 406. Section 10 of said Act, as amended, is hereby
21 amended by adding the following new subsection:

22 " (j) In any community where the people of that com-
23 munity, by their duly elected representatives or by refer-
24 endum, have indicated that they desire to liquidate a low-

1 rent public housing project by the sale thereof to private
2 ownership, such community shall negotiate with the Federal
3 Government with respect to the sale of such low-rent public
4 housing project and the Authority shall permit the sale of
5 such project (after public advertisement) to the highest
6 bidder upon agreement by such community (1) to pay and
7 retire all outstanding obligations (together with any interest
8 accrued thereon at the date of redemption and any pre-
9 miums prescribed for the redemption of such obligations prior
10 to maturity) issued by the local housing authority to finance
11 the development of such project and (2) to pay, or to cause
12 to be paid, any proceeds received from the sale of such proj-
13 ect in excess of the amount required to comply with the
14 requirements of the preceding clause numbered (1) to the
15 Secretary of the Treasury and to the local government in
16 proportion to the aggregate contribution which the Authority
17 and such local government has made to the project, and the
18 moneys so paid to the Secretary of the Treasury shall be
19 covered into miscellaneous receipts.”

20 TITLE V—HOME LOAN BANK BOARD

21 SEC. 501. The National Housing Act, as amended, is
22 hereby amended—

23 (1) by amending section 402 (c) (4) to read as
24 follows:

1 “(4) To sue and be sued, complain and defend,
2 in any court of competent jurisdiction in the United
3 States or its territories or possessions, and may be served
4 by serving a copy of process on any of its agents or any
5 agent of the Home Loan Bank Board and mailing a
6 copy of such process by registered mail to the Corpora-
7 tion at Washington, District of Columbia.”;

8 (2) by adding the following new subsection to
9 section 405:

10 “(c) No action against the Corporation to enforce
11 a claim for payment of insurance upon an insured ac-
12 count of an insured institution in default shall be brought
13 after the expiration of three years from the date of de-
14 fault unless, within such three-year period, the con-
15 servator, receiver, or other legal custodian of the insured
16 institution shall have recognized such insured account as
17 a valid claim against the insured institution and the
18 claim for payment of insurance shall have been presented
19 to the Corporation and its validity denied, in which event
20 the action may be brought within two years from the
21 date of such denial.”; and

22 (3) by striking out of title IV of the National
23 Housing Act, as amended, the words “Federal Savings

1 and Loan Insurance Corporation” at each place the
2 same appears therein and inserting in lieu thereof the
3 words “Federal Savings Insurance Corporation”.

4 SEC. 502. The Federal Home Loan Bank Act, as
5 amended, is hereby amended by striking “\$20,000” in sec-
6 tion 10 (b) (2) and inserting “\$35,000”.

7 SEC. 503. The Home Owners’ Loan Act of 1933, as
8 amended, is hereby amended—

9 (1) by striking “\$20,000” wherever it appears in
10 the first paragraph of subsection (c) of section 5 and
11 inserting “\$35,000”;

12 (2) by amending subsection (d) of section 5 to
13 read as follows:

14 “(d) (1) The Board shall have power to enforce
15 this section and rules and regulations made hereunder.
16 In the enforcement of any provision of this section or
17 rules and regulations made hereunder, or any other law
18 or regulation, and in the administration of conservator-
19 ships and receiverships as provided in subsection (d)
20 (2) hereof, the Board is authorized to act in its own
21 name and through its own attorneys. The Board shall
22 have power to sue and be sued, complain and defend in
23 any court of competent jurisdiction in the United States
24 or its territories or possessions. It shall by formal reso-
25 lution state any alleged violation of law or regulation

1 and give written notice to the association concerned
2 of the facts alleged to be such violation, except that the
3 appointment of a Supervisory Representative in Charge,
4 a conservator or a receiver shall be exclusively as pro-
5 vided in subsection (d) (2) hereof. Such association
6 shall have thirty days within which to correct the alleged
7 violation of law or regulation and to perform any legal
8 duty. If the association concerned does not comply with
9 the law or regulation within such period, then the Board
10 shall give such association twenty days written notice
11 of the charges against it and of a time and place at which
12 the Board will conduct a hearing as to such alleged vio-
13 lation of duty. Such hearing shall be in the Federal
14 judicial district of the association unless it consents to
15 another place and shall be conducted by a hearing exam-
16 iner as is provided by the Administrative Procedure Act.
17 The Board or any member thereof or its designated
18 representative shall have power to administer oaths and
19 affirmations and shall have power to issue subpoenas and
20 subpoenas duces tecum, and shall issue such at the re-
21 quest of any interested party, and the Board or any in-
22 terested party may apply to the United States district
23 court of the district where such hearing is designated
24 for the enforcement of such subpoena or subpoena duces
25 tecum and such courts shall have power to order and

1 require compliance therewith. A record shall be made
2 of such hearing and any interested party shall be entitled
3 to a copy of such record to be furnished by the Board at
4 its reasonable cost. After such hearing and adjudica-
5 tion by the Board, appeals shall lie as is provided by the
6 Administrative Procedure Act, and the review by the
7 court shall be upon the weight of the evidence. Upon
8 the giving of notice of alleged violation of law or regu-
9 lation as herein provided, either the Board or the asso-
10 ciation affected may, within thirty days after the service
11 of said notice, apply to the United States district court
12 for the district where the association is located for a
13 declaratory judgment and an injunction or other relief
14 with respect to such controversy, and said court shall
15 have jurisdiction to adjudicate the same as in other
16 cases and to enforce its orders. The Board may apply
17 to the United States district court of the district where
18 the association affected has its home office for the en-
19 forcement of any order of the Board and such court
20 shall have power to enforce any such order which has
21 become final. The Board shall be subject to suit by any
22 Federal savings and loan association with respect to any
23 matter under this section or regulations made there-
24 under, or any other law or regulation, in the United
25 States district court for the district where the home office

1 of such association is located, and may be served by serv-
2 ing a copy of process on any of its agents and mailing
3 a copy of such process by registered mail, to the Home
4 Loan Bank Board, Washington, District of Columbia.

5 “(2) The grounds for the appointment of a con-
6 servator or receiver for a Federal savings and loan
7 association shall be one or more of the following: (i)
8 insolvency in that the assets of such association are
9 less than its obligations to its creditors and others, in-
10 cluding its members; (ii) violation of law or of a regu-
11 lation; (iii) the concealment of its books, records, or
12 assets or the refusal to submit its books, papers, records,
13 or affairs for inspection to any examiner or lawful agent
14 appointed by the Home Loan Bank Board; and (iv)
15 unsafe or unsound operation. The Board shall have
16 exclusive jurisdiction to appoint a Supervisory Repre-
17 sentative in Charge, conservator, or receiver. If, in the
18 opinion of the Board, a ground for the appointment of a
19 conservator or receiver as herein provided exists and
20 the Board determines that an emergency exists requiring
21 immediate action, the Board is authorized to appoint ex
22 parte and without notice a Supervisory Representative in
23 Charge to take charge of said association and its affairs
24 who shall have and exercise all the powers herein pro-
25 vided for conservators and receivers. Unless sooner re-

1 moved by the Board, such Supervisory Representative in
2 Charge shall hold office until a conservator or receiver,
3 appointed by the Board after notice as herein provided,
4 takes charge of the association and its affairs, or for six
5 months, or until thirty days after the termination of the
6 administrative hearing and final proceedings herein pro-
7 vided, or until sixty days after the final termination of
8 any litigation affecting such temporary appointment,
9 whichever is longest. The Board shall have the power
10 to appoint a conservator or receiver but no such ap-
11 pointment of a conservator or receiver shall be made
12 except pursuant to a formal resolution of the Board
13 stating the grounds therefor and except notice thereof
14 is given to said association stating the grounds therefor
15 and until an opportunity for an administrative hearing
16 thereon is afforded to said association. Such hearing
17 shall be held in accordance with the provisions of the
18 Administrative Procedure Act and shall be subject to
19 review as therein provided and the review by the court
20 shall be upon the weight of the evidence. A conservator
21 shall have all the powers of the members, the directors,
22 and officers of the Federal association and shall be author-
23 ized to operate it in its own name or conserve its assets
24 in the manner and to the extent authorized by the Board.
25 The Board shall appoint only the Federal Savings

1 Insurance Corporation as receiver for any Federal
2 savings and loan association, which shall have power
3 as receiver to buy at its own sale subject to approval by
4 the Board. With the consent of the association expressed
5 by a resolution of the board of directors or of its mem-
6 bers, the Board is authorized to appoint a conservator or
7 receiver for a Federal association without notice and
8 without hearing. The Board shall have power to make
9 rules and regulations for the reorganization, merger, and
10 liquidation of Federal associations and for such associa-
11 tions in conservatorship and receivership and for the
12 conduct of conservatorships and receiverships. When-
13 ever a Supervisory Representative in Charge, conserv-
14 ator, or receiver, appointed by the Board pursuant to the
15 provisions of this section, demands possession of the
16 property, business and assets of any association, the
17 refusal of any officer, agent, employee, or director of
18 such association to comply with the demand shall be
19 punishable by a fine of not more than \$1,000 or by
20 imprisonment for not more than one year or both by
21 such fine and imprisonment.”; and

22 (3) by striking out the second paragraph of subsec-
23 tion (c) of section 5 and inserting in lieu thereof the
24 following new paragraph:

25 “Without regard to any other provision of this sub-

1 section except the area requirement such associations are
2 authorized to invest a sum not in excess of 15 per centum
3 of the assets of such association in loans insured under
4 title I of the National Housing Act, as amended, in
5 unsecured loans insured or guaranteed under the provi-
6 sions of the Servicemen's Readjustment Act of 1944, as
7 amended, and in other loans for property alteration,
8 repair, or improvement: *Provided*, That no such loan
9 shall be made in excess of \$3,000."

10 SEC. 504. All laws, regulations, and other actions relat-
11 ing to the Federal Savings and Loan Insurance Corporation
12 shall, on and after the effective date of the Housing Act of
13 1954, be deemed to relate to the Federal Savings Insurance
14 Corporation.

15 TITLE VI—VOLUNTARY HOME CREDIT 16 PROGRAM

17 DECLARATION OF POLICY

18 SEC. 601. The Congress hereby declares that the pur-
19 poses of this title are to encourage and facilitate the flow of
20 mortgage credit into remote areas and small communities,
21 through the voluntary cooperation and effort of private lend-
22 ing institutions, and to assist in the development of a pro-
23 gram whereby private financing institutions engaged in

1 mortgage lending can make a maximum contribution to the
2 economic stability and growth of the Nation through exten-
3 sion of the market for insured or guaranteed mortgage loans.

4 DEFINITIONS

5 SEC. 602. As used in this title, the following terms shall
6 have the meanings respectively ascribed to them below, and,
7 unless the context clearly indicates otherwise, shall include
8 the plural as well as the singular number:

9 (a) "Insured or guaranteed mortgage loan" means any
10 loan made for the construction or purchase of a family
11 dwelling or dwellings and which is (1) guaranteed or in-
12 sured under the Servicemen's Readjustment Act of 1944, as
13 amended, or (2) secured by a mortgage insured under the
14 National Housing Act, as amended.

15 (b) "Private financing institutions" means life-insurance
16 companies, savings banks, commercial banks, cooperative
17 banks, homestead associations, building and loan associations,
18 and savings and loan associations.

19 (c) "Administrator" means the Housing and Home
20 Finance Administrator.

21 (d) "State" means the several States, the District of
22 Columbia, the Commonwealth of Puerto Rico, and the terri-
23 tories and possessions of the United States.

1 NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION
2 COMMITTEE

SEC. 603. There is hereby established a National Vol-
untary Mortgage Credit Extension Committee, hereinafter
called the "National Committee", which shall consist of the
Housing and Home Financing Administrator, who shall act
as Chairman of the National Committee, and fourteen other
persons appointed by the Administrator as follows:

9 (a) Two representatives of each type of private
10 financing institutions;

11 (b) Two representatives of builders of residential prop-
12 erties; and

13 (c) Two representatives of real estate boards.

14 The Administrator shall also request the Board of Gov-
15 ernors of the Federal Reserve System and the Administrator
16 of Veterans' Affairs to designate a representative of the
17 Board and the Veterans' Administration, respectively, to
18 serve on the National Committee in an advisory capacity.

19 In selecting and appointing the members of the National
20 Committee, the Administrator shall have due regard to fair
21 representation thereon for small, medium, and large private
22 financing institutions and for different geographical areas.
23 Members of the National Committee appointed by the
24 Administrator shall serve on a voluntary basis.

REGIONAL SUBCOMMITTEE

1
2 SEC. 604. (a) As soon as practicable, the National
3 Committee shall divide the United States into regions con-
4 forming generally to the Federal Reserve districts. The
5 Administrator, after consultation with the other members of
6 the National Committee, shall, for each such region, designate
7 five or more persons representing private financing institu-
8 tions and builders of residential properties in such region
9 to serve as a regional subcommittee of the National Com-
10 mittee for the purpose of assisting in placing with private
11 financing institutions insured or guaranteed mortgage loans
12 as hereinafter set forth. In designating the members of each
13 such regional subcommittee, the Administrator shall have due
14 regard to fair representation thereon for small, medium, and
15 large financing institutions and builders of residential prop-
16 erties and for different geographical areas within such
17 regions. Members of each regional subcommittee shall serve
18 on a voluntary basis.

19 (b) The Administrator is authorized and directed, upon
20 the request of a regional subcommittee, to provide such sub-
21 committee with a suitable office and meeting place and to
22 furnish to the subcommittee such staff assistance as may be
23 reasonably necessary for the purpose of assisting it in the
24 performance of the functions hereinafter set forth.

1 FUNCTION OF NATIONAL COMMITTEE AND OF REGIONAL
2 SUBCOMMITTEES

3 SEC. 605. It shall be the function of the National Com-
4 mittee and the regional subcommittees to facilitate the flow
5 of funds for residential mortgage loans into areas or com-
6 munities where there may be a shortage of local capital for,
7 or inadequate facilities for access to, such loans, and to
8 achieve the maximum utilization of the facilities of private
9 financing institutions for this purpose by soliciting and ob-
10 taining the cooperation of all such private financing institu-
11 tions in extending credit for insured or guaranteed mortgage
12 loans.

13 SEC. 606. The National Committee shall study and review
14 the demand and supply of funds for residential mortgage
15 loans in all parts of the country, and shall receive reports from
16 and correlate the activities of the regional subcommittees. It
17 shall also periodically inform the Commissioner of the Federal
18 Housing Administration and the Administrator of Veterans'
19 Affairs concerning the results of the studies and of the prog-
20 ress of the National Committee and regional subcommittees
21 in performing their function, and shall to the extent practica-
22 ble maintain liaison with State and local Government housing
23 officials in order that they may be fully apprized of the func-
24 tion and work of the National Committee and regional sub-
25 committees. The Administrator shall, not later than April 1

1 in each year, make a full report of the operations of the
2 National Committee and the regional subcommittees to the
3 Congress.

4 SEC. 607. (a) Each regional subcommittee shall study
5 and review the demand and supply of funds for residential
6 mortgage loans in its region, shall analyze cases of unsatisfied
7 demand for mortgage credit, and shall report to the National
8 Committee the results of its study and analysis. It shall also
9 maintain liaison with officers of the Federal Housing Admin-
10 istration and of the Veterans' Administration within its region
11 in order that such officers may be fully apprized of the func-
12 tion and work of the National Committee and regional sub-
13 committees. It shall request such officers to supply to the
14 subcommittee information regarding cases of unsatisfied de-
15 mand for mortgage credit for loans eligible for insurance
16 under the National Housing Act, as amended, or for insur-
17 ance or guaranty under the Servicemen's Readjustment Act
18 of 1944, as amended. Such officers are authorized to furnish
19 such information to such subcommittee.

20 (b) A regional subcommittee shall render assistance to
21 any applicant for a loan, the proceeds of which are to be
22 used for the construction or purchase of a family dwelling
23 or dwellings, upon receipt of a certificate from such appli-
24 cant, stating that—

25 (1) application for such loan has been made to at

1 least two private financing institutions, or in the alterna-
2 tive to such private financing institution or institutions
3 as may be reasonably accessible to the applicant;

4 (2) the applicant has been informed by the above-
5 mentioned private financing institution or institutions
6 that funds for mortgage credit on the loan are unavail-
7 able; and

8 (3) the applicant is eligible for insurance or guar-
9 anty under the Servicemen's Readjustment Act of 1944,
10 as amended, or consents that the mortgage to be issued
11 as security for the loan be insured under the National
12 Housing Act, as amended.

13 Upon receipt of such certification from an applicant the re-
14 gional subcommittee shall circularize private financing institu-
15 tions in the region or elsewhere and shall use its best efforts
16 to enable the applicant to place the loan with a private
17 financing institution. It shall render similar assistance to
18 any applicant for a loan, the proceeds of which are to be used
19 for the construction or purchase of a family dwelling or
20 dwellings, upon receipt of information from the Veterans'
21 Administration to the effect that the applicant has applied
22 for a direct loan, if he is eligible for such a loan, and that he
23 is eligible for insurance or guaranty, under the Servicemen's
24 Readjustment Act of 1944, as amended. In order to en-
25 courage small or local private financing institutions to origi-

1 nate insured or guaranteed mortgage loans, it may also ren-
2 der similar assistance to private financing institutions in
3 locating other private financing institutions willing to repur-
4 chase such mortgage loans on a mutually satisfactory basis.

5 (c) In the performance of its responsibilities under sub-
6 section (b) of this section, a regional subcommittee may at
7 its discretion (1) request the National Committee to obtain
8 for it the aid of other regional subcommittees in seeking
9 sources of mortgage credit, and (2) request and obtain vol-
10 untary assurances from any one or more private financing
11 institutions that they will make funds available for insured
12 or guaranteed mortgage loans in any specified area or areas
13 within its region in which the subcommittee finds that there
14 is a lack of adequate credit facilities for such loans.

15 REGULATIONS OF ADMINISTRATOR

16 SEC. 608. The Administrator, after consultation with the
17 National Committee, shall have power to issue general rules
18 and procedures for the effective implementation of this title
19 and for the functioning of the regional subcommittees, pur-
20 suant to the provisions hereof and not in conflict herewith.

21 GENERAL PROVISIONS

22 SEC. 609. No act pursuant to the provisions of this title
23 and which occurs while this title is in effect shall be con-
24 strued to be within the prohibitions of the antitrust laws or
25 the Federal Trade Commission Act of the United States.

1 SEC. 610. Service as a member of the National Com-
2 mittee or of a regional subcommittee shall not constitute
3 any form of service, employment, or action within the pro-
4 visions of sections 281, 283, 284, 434, or 1914 of title 18
5 of the United States Code, or within the provisions of sec-
6 tion 190 of the Revised Statutes (5 U. S. C., sec. 99).

7 SEC. 611. If any provision of this title, or the applica-
8 tion thereof to any person or circumstances, is held invalid,
9 the remainder of this title and the application of such provi-
10 sion to other persons or circumstances, shall not be affected
11 thereby.

12 SEC. 612. (a) This title and all authority conferred
13 hereunder shall terminate at the close of June 30, 1957.

14 (b) Notwithstanding subsection (a), Congress, by con-
15 current resolution, may terminate this title prior to the ter-
16 mination date hereinabove provided for.

17 TITLE VII—URBAN PLANNING AND RESERVE
18 OF PLANNED PUBLIC WORKS

19 URBAN PLANNING

20 SEC. 701. To facilitate urban planning for smaller com-
21 munities lacking adequate planning resources, the Admin-
22 istrator is authorized to make planning grants to State plan-
23 ning agencies for the provision of planning assistance (in-
24 cluding surveys, land use studies, urban renewal plans, tech-
25 nical services and other planning work, but excluding plans

1 for specific public works) to cities and other municipalities
2 having a population of less than twenty-five thousand accord-
3 ing to the latest decennial census. The Administrator is fur-
4 ther authorized to make planning grants for similar planning
5 work in metropolitan and regional areas to official State,
6 metropolitan, or regional planning agencies empowered under
7 State or local laws to perform such planning. Any grant
8 made under this section shall not exceed 50 per centum of
9 the estimated cost of the work for which the grant is made
10 and shall be subject to terms and conditions prescribed by
11 the Administrator to carry out this section. The Administra-
12 tor is authorized, notwithstanding the provisions of section
13 3648 of the Revised Statutes, as amended, to make advance
14 or progress payments on account of any planning grant
15 made under this section. There is hereby authorized to be
16 appropriated not exceeding \$5,000,000 to carry out the
17 purposes of this section, and any amounts so appropriated
18 shall remain available until expended.

19 RESERVE OF PLANNED PUBLIC WORKS

20 SEC. 702. (a) In order (1) to encourage municipali-
21 ties and other public agencies to maintain a continuing and
22 adequate reserve of planned public works the construction of
23 which can rapidly be commenced whenever the economic
24 situation may make such action desirable, and (2) to attain

1 maximum economy and efficiency in the planning and con-
2 struction of local, State, and Federal public works, the Ad-
3 ministrator is hereby authorized, during the period of three
4 years commencing on July 1, 1954, to make advances to
5 public agencies from funds available under this section (not-
6 withstanding the provisions of section 3648 of the Revised
7 Statutes, as amended) to aid in financing the cost of engi-
8 neering and architectural surveys, designs, plans, working
9 drawings, specifications, or other action preliminary to and
10 in preparation for the construction of public works: *Pro-*
11 *vided*, That the making of advances hereunder shall not in
12 any way commit the Congress to appropriate funds to assist
13 in financing the construction of any public works so planned.

14 (b) No advance shall be made hereunder with respect
15 to any individual project unless it conforms to an overall
16 State, local, or regional plan approved by a competent State,
17 local, or regional authority, and unless the public agency
18 formally contracts with the Federal Government to complete
19 the plan preparation promptly and to repay such advance
20 when due.

21 (c) Advances under this section to any public agency
22 shall be repaid without interest by such agency when the
23 construction of the public works is undertaken or started:

1 *Provided*, That in the event repayment is not made promptly
2 such unpaid sum shall bear interest at the rate of 4 per
3 centum per annum from the date of the Government's de-
4 mand for repayment to the date of payment thereof by the
5 public agency. All sums so repaid shall be covered into
6 the Treasury as miscellaneous receipts.

7 (d) The Administrator is authorized to prescribe rules
8 and regulations to carry out the purposes of this section.

9 (e) There is hereby authorized to be appropriated not
10 exceeding \$10,000,000 to carry out the purposes of this sec-
11 tion, and any amounts so appropriated shall remain available
12 until expended. Not more than 5 per centum of the funds
13 so appropriated shall be expended in any one State.

14 DEFINITIONS

15 SEC. 703. As used in this title, (1) the term "State"
16 shall mean any State, the District of Columbia, the Com-
17 monwealth of Puerto Rico, and any territory, or possession
18 of the United States; (2) the term "Administrator" shall
19 mean the Housing and Home Finance Administrator; (3)
20 the term "public works" shall include any public works other
21 than housing; and (4) the term "public agency" or "public
22 agencies" shall mean any State, as herein defined, or any
23 public agency or political subdivision therein.

1 TITLE VIII—MISCELLANEOUS PROVISIONS

2 SEC. 801. (a) The Federal Housing Commissioner and
3 the Administrator of Veterans' Affairs, respectively, are
4 hereby authorized and directed to require that, in connec-
5 tion with any property upon which there is located a dwelling
6 designed principally for a single-family residence or a two-
7 family residence and which is approved for mortgage insur-
8 ance or guaranty prior to the beginning of construction, no
9 mortgage shall be insured or guaranteed under the National
10 Housing Act, as amended, or title III of the Servicemen's
11 Readjustment Act of 1944, as amended, unless the seller or
12 builder, and such other person as may be required by the
13 said Commissioner or Administrator to become warrantor,
14 shall deliver to the purchaser or owner of such property a
15 warranty that the dwelling is constructed in substantial con-
16 formity with the plans and specifications (including any
17 amendments thereof, or changes and variations therein, which
18 have been approved in writing by the Federal Housing
19 Commissioner or the Administrator of Veterans' Affairs) on
20 which the Federal Housing Commissioner or the Adminis-
21 trator of Veterans' Affairs based his valuation of the dwelling:
22 *Provided*, That the Federal Housing Commissioner or the
23 Administrator of Veterans' Affairs shall deliver to the builder,
24 seller, or other warrantor his written approval (which shall
25 be conclusive evidence of such approval) of any amendment

1 of, or change or variation in, such plans and specifications
2 which the Commissioner or the Administrator deems to be a
3 substantial amendment thereof, or change or variation
4 therein, and shall file a copy of such written approval with
5 such plans and specifications: *Provided further*, That such
6 warranty shall apply only with respect to such instances of
7 substantial nonconformity to such approved plans and speci-
8 fications (including any amendments thereof, or changes or
9 variations therein, which have been approved in writing,
10 as provided herein, by the Federal Housing Commissioner
11 or the Administrator of Veterans' Affairs) as to which the
12 purchaser or homeowner has given written notice to the
13 warrantor within one year from the date of conveyance of
14 title to, or initial occupancy of, the dwelling, whichever
15 first occurs: *Provided further*, That such warranty shall be
16 in addition to, and not in derogation of, all other rights and
17 privileges which such purchaser or owner may have under
18 any other law or instrument: *And provided further*, That
19 the provisions of this section shall apply to any such prop-
20 erty covered by a mortgage insured or guaranteed by the
21 Federal Housing Commissioner or the Administrator of Vet-
22 erans' Affairs on and after July 1, 1954, unless such mort-
23 gage is insured or guaranteed pursuant to a commitment
24 therefor made prior to July 1, 1954.

1 (b) The Federal Housing Commissioner and the Ad-
2 ministrator of Veterans' Affairs, respectively, are further
3 directed to permit copies of the plans and specifications (in-
4 cluding written approvals of any amendments thereof, or
5 changes or variations therein, as provided herein) for dwell-
6 ings in connection with which warranties are required by
7 subsection (a) of this section to be made available in their
8 appropriate local offices for inspection or for copying by
9 any purchaser, homeowner, or warrantor during such hours
10 or periods of time as the said Commissioner and Adminis-
11 trator may determine to be reasonable.

12 SEC. 802. (a) The Housing and Home Finance Admin-
13 istrator shall, as soon as practicable during each calendar
14 year, make a report to the President for submission to the
15 Congress on all operations under the jurisdiction of the
16 Housing and Home Finance Agency during the previous
17 calendar year.

18 (b) Section 311 of "An Act to expedite the provision
19 of housing in connection with national defense, and for other
20 purposes", approved October 14, 1940, as amended; section
21 6 of "An Act to provide for the advance planning of non-
22 Federal public works", approved October 13, 1949, as

1 amended; and sections 5 and 402 (f) of the National Hous-
2 ing Act, as amended, are hereby repealed.

3 (c) The National Housing Act, as amended, is
4 hereby amended—

5 (1) by striking the heading “ANNUAL REPORT”
6 immediately after section 4 and inserting “TAXATION”;
7 and

8 (2) by striking from subsection (e) of section 406
9 the word “Congress” and inserting “Housing and Home
10 Finance Administrator”.

11 (d) The first sentence of section 7 (b) of the United
12 States Housing Act of 1937, as amended, is hereby amended
13 to read as follows: “The annual report of the Housing and
14 Home Finance Administrator to the President for submission
15 to the Congress on the operations of the Housing and Home
16 Finance Agency shall include a report on the operations and
17 expenses of the Authority, including loans, contributions, and
18 grants made or contracted for, low-rent housing and slum-
19 clearance projects undertaken, and the assets and liabilities
20 of the Authority.”

21 (e) Section 106 (a) of the Housing Act of 1949, as
22 amended, is hereby amended by striking “; and” at the end

1 of paragraph (3) thereof, inserting a period in lieu thereof,
2 and striking paragraph (4).

3 (f) The Federal Home Loan Bank Act, as amended, is
4 hereby amended by striking the second sentence of section 20.

5 SEC. 803. The Housing and Home Finance Agency,
6 including its constituent agencies, and any other departments
7 or agencies of the Federal Government having powers, func-
8 tions, or duties with respect to housing under this or any
9 other law shall exercise such powers, functions, or duties
10 in such manner as, consistent with the requirements thereof,
11 will facilitate progress in the reduction of the vulnerability
12 of congested urban areas to enemy attack.

13 SEC. 804. Title V of the Housing Act of 1949, as
14 amended, is hereby amended as follows:

15 (a) In the first sentence of section 511 immediately fol-
16 lowing the phrase "July 1, 1952," strike the word "and",
17 and insert at the end of the sentence just before the period
18 a comma and the language "and an additional \$100,000,000
19 on and after July 1, 1954".

20 (b) In section 512, (i) strike "and 1953" and insert
21 "1953, and 1954", and (ii) strike "and \$2,000,000" and
22 insert "\$2,000,000, and \$2,000,000".

1 (c) In section 513, strike "and \$10,000,000 on July 1
2 of each of the years 1950, 1951, 1952, and 1953" and insert
3 "\$10,000,000, and \$10,000,000 on July 1 of each of the
4 years 1950, 1951, 1952, 1953, and 1954".

5 ACT OF CONTROLLING

6 SEC. 805. Insofar as the provisions of any other law
7 are inconsistent with the provisions of this Act, the provi-
8 sions of this Act shall be controlling.

9 SEPARABILITY

10 SEC. 806. Except as may be otherwise expressly pro-
11 vided in this Act, all powers and authorities conferred by
12 this Act shall be cumulative and additional to and not in
13 derogation of any powers and authorities otherwise exist-
14 ing. Notwithstanding any other evidences of the intention
15 of Congress, it is hereby declared to be the controlling intent
16 of Congress that if any provisions of this Act, or the appli-
17 cation thereof to any persons or circumstances, shall be ad-
18 judged by any court of competent jurisdiction to be invalid,
19 such judgment shall not affect, impair, or invalidate the
20 remainder of this Act or its applications to other persons
21 and circumstances.

22 SEC. 807. In the selection of new tenants in all housing

- 1 units under this Act, preference shall be shown to applicants
- 2 who are recipients of old-age pensions.

Passed the House of Representatives April 2, 1954.

Attest:

LYLE O. SNADER,

Clerk.

AN ACT

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

APRIL 5, 1954

Read twice and referred to the Committee on
Banking and Currency

Daily Digest

HIGHLIGHTS

Senate passed 45 bills on call of calendar, and bill on tanker leases.

Senate Banking Committee completed marking up housing bill.

Senate

Chamber Action

Routine Proceedings, pages 6604-6611

Bills Introduced: 5 bills and 4 resolutions were introduced, as follows: S. 3504 to S. 3508; S. J. Res. 159 and 160; and S. Res. 252 and 253. Pages 6605, 6607

Bills Reported: Reports were made as follows:

S. 820, 1203, 1332, 1573, 1634, 1798, 1833, 1858, 1940, 2036, 2044, 2067, 2101, 2121, 2200, 2266, 2280, 2301, 2352, 2369, 2461, 2553, 2594, 3196; H. R. 689, 737, 807, 897, 1144, 1348, 1509, 1905, 3145, 5933; S. 2156, 2264, 2960, 2965, and 986; private bills (S. Repts. 1388-1426); and

S. Res. 252, authorizing additional expenditures of \$10,000 by Committee on the Judiciary (no written report). Pages 6604-6605

Call of Calendar: On call of calendar, 45 bills, of which 30 were private, were passed as follows:

Without amendment and cleared for House:

Veterans' Day: H. R. 7786, to change the name of the legal holiday known as Armistice Day (November 11) to Veterans' Day;

D. C. tax stamps: H. R. 4940, to provide for the redemption of D. C. tax stamps;

Private bills: 11 private bills, H. R. 1345, 1772, 2022, 2433, 3041, 3109, 4352, 4961, 4996, 5772, and 1705.

With amendment, to be sent back to House:

Public land purchases: H. R. 2512, to extend the privilege of buying certain public lands to business associations, corporations, States, or other governmental subdivisions for home and other sites;

Private bills: 4 private bills, H. R. 1331, 3522, 6452, and H. J. Res. 455.

Without amendment and cleared for House:

Forest Fire Compact: S. 2786, granting the consent and approval of Congress to the Southeastern Interstate Forest Fire Protection Compact;

ILO: S. J. Res. 156, providing for acceptance by U. S. of an instrument for the amendment of the constitution of the International Labor Organization;

Maryland land: S. 2654, to authorize sale of unused D. C. property in Montgomery County, Md.;

D. C. veterinarians: S. 2172, to regulate the practice of veterinary medicine in D. C.;

D. C. doctors: S. 2657, to regulate the practice of the healing art in D. C.;

Private bills: 9 private bills, S. 46, 974, 992, 1165, 1382, 1902, 1967, 1991, and S. Con. Res. 83.

With amendment and cleared for House:

War powers: S. 3103, amending the act of January 12, 1951, to continue in effect title II of the First War Powers Act;

Water conservation: S. 3137, extending to the entire U. S. certain provisions of an act of 1937 relating to conservation of water resources;

D. C. universities: S. 3213, merger of Columbus University into Catholic University;

D. C. regulatory agencies: S. 885, relating to private employment of regulatory agency members in D. C.;

D. C. PUC: S. 1403, to authorize the PUC to regulate the payment of dividends by public utilities;

D. C. eggs: S. 2661, to regulate the sale of shell eggs in D. C.;

D. C. family court: S. 2701, to establish a family court in D. C. (subsequent to the passage of this bill, Senator Gore entered a motion to reconsider this action);

Private bills: 6 private bills, S. 914, 1900, 1904, 1959, 2009, and 1889. Pages 6611-6627

D. C. Public Utilities: During consideration on call of calendar of S. 3387, to make certain changes in the regulation of public utilities in the D. C., and prior to its being objected to, Senate agreed to an amendment thereto by Senator Payne of a technical clarifying nature. Page 6623

Tankers: S. 3458, authorizing the long-term charter of tankers by the Secretary of the Navy, was passed with the following amendments: Williams amendment providing that each contract awarded shall be upon competitive bids and to the lowest bidder; Magnuson amendment giving preference to operators exclusively engaged in operation of American-flag ships; Williams amendment limiting recovery to not more than two-thirds of construction cost; and Magnuson amendment requiring

Secretary of Commerce to determine that any transfer is in the national interest.

Pages 6627-6633

Appropriations—Army Civil Functions: Senate proceeded to consideration of H. R. 8367, Army civil functions appropriations for 1955.

Page 6633

Confirmations: Numerous nominations in the Navy, Air Force, and Marine Corps were confirmed, along with 95 postmaster nominations.

Pages 6634-6637

Nominations: 75 Navy nominations were received.

Page 6634

Program for Tuesday: Senate recessed at 3:13 p. m. until noon Tuesday, May 25, when it will continue on H. R. 8367, Army civil functions appropriations, to be followed by H. R. 9004 (or S. 3457); a private bill, H. R. 3704, incorporation of certain D. C. business corporations; H. R. 7061 (and H. R. 7062), regarding procedure for adoption and placement of children in D. C.; and S. 3387, regulation of D. C. public utilities.

Committee Meetings

(Committees not listed did not meet)

APPROPRIATIONS—INTERIOR DEPARTMENT

Committee on Appropriations: Subcommittee, in executive session, began marking up for reporting to the full committee H. R. 8680, Interior Department appropriations for 1955, but did not complete its work and recessed subject to call of the Chair.

APPROPRIATIONS—HEW

Committee on Appropriations: Subcommittee on Labor-HEW continued its hearings on proposed 1955 budget estimates for the Department of Health, Education, and Welfare, with testimony, as indicated, from the following witnesses:

Senator Stennis on public health grants in aid;

Senator Hendrickson on funds to combat juvenile delinquency;

Clarence Olson and John S. Mears, American Legion, on funds for the Veterans Employment Service and Bureau of Apprenticeship;

Omer W. Clark, DAV, on funds for the Veterans Employment Service;

Andrew J. Biemiller, George D. Riley, and George Mason, AFL, on funds for the Department of Labor;

Mrs. Ada B. Stough, American Parents Committee, and Mrs. Margaret F. Stone, American Association of Social Workers, on funds for the Children's Bureau; and

Mrs. Hester Stoll, Spokesmen for Children, Inc.

Hearings continue tomorrow.

APPROPRIATIONS—NAVY

Committee on Appropriations: Subcommittee continued its executive hearings on H. R. 8873, Defense

Department appropriations for 1955, with testimony today on budget estimates for the Navy Department from Rear Adm. Edward W. Clepton, Assistant Comptroller, Director of Budget and Reports, and Rear Adm. Edward A. Solomons, Deputy Comptroller, who were accompanied by supporting witnesses of the Navy and Marine Corps.

Hearings continue tomorrow on general provisions of the bill.

HOUSING

Committee on Banking and Currency: Committee completed marking up H. R. 7839, to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and instructed the staff to draft language to incorporate into the bill amendments made by the committee today. Committee will meet on Wednesday, May 26, to review this draft language, and again on Thursday, May 27, to report the bill. Also, it was announced that the report will be filed on Thursday, June 3. Some of the major agreements made by the committee today are as follows:

(1) Rejected proposal to grant President authority to change terms, maturities, and interest rates (title II);

(2) Agreed to section 124, with an amendment permitting veterans to purchase Lanham Act housing with downpayment of 5 percent instead of 10 percent;

(3) Agreed to section 125, FHA insurance of improvement or repair advance to a mortgagor pursuant to provision in an "open end" section 203 loan, with an amendment;

(4) Agreed to section 126 terminating title VI insurance authority except for existing commitments;

(5) Retained yield insurance program under title VII;

(6) Extended military housing insurance for 1 year (title VIII);

(7) Agreed to an amendment to permit servicemen to purchase homes under arrangements similar to those extended to veterans (title I);

(8) Rejected House language on section 129 and agreed to continue housing in defense areas for 1 year (under titles III and IX);

(9) Agreed to amendment to direct the Bureau of the Budget to study the feasibility of consolidating the HHFA and the VA, and to make recommendations to the Congress with regard thereto by February 1955;

(10) Agreed to strike out title III, with an amendment which would provide for a voluntary mortgage purchase program as recommended by the insurance companies;

(11) Agreed to accept title IV with amendments proposed by the HHFA;

(12) Adopted smoke abatement amendment without accelerated amortization provisions;

(13) Struck out so-called McCormack-Gwinn amendment and substituted HHFA recommendation in lieu thereof, with an amendment to require that to be eligible for public housing, application must first have been made for U. S. citizenship;

(14) Rejected House amendment changing name of "Federal Savings and Loan Insurance Corporation" to "Federal Savings Insurance Corporation";

(15) Rejected provision providing \$5 million planning funds for areas of population of 25,000 or less (sec. 701);

(16) Accepted amendment increasing maximum mortgage by \$1,000 per room in high cost areas in section 220 loans and in section 213 loans, when house is built in an urban renewal area; and

(17) Agreed to amend new section (sec. 801 of the House bill) to provide that the builder or seller must give the purchaser a certification that construction is in conformity with plans and specifications on which FHA or VA based its valuation.

The committee also accepted a number of perfecting and strengthening amendments which were recommended by the HHFA.

GENERAL TAX REVISION

Committee on Finance: Committee continued its executive consideration of H. R. 8300, general tax revision bill, but made no announcements and will continue its consideration tomorrow.

U. N. CHARTER

Committee on Foreign Relations: Committee announced that the special subcommittee on review of the U. N. Charter will resume its hearings on June 19 at 9:30 a. m. and 2:15 p. m. in the Hotel Savery, Des Moines, Iowa.

SUBCOMMITTEE INVESTIGATION

Committee on Government Operations: Permanent Subcommittee on Investigations resumed its hearings with regard to the Army-subcommittee controversy, with testimony today from Secretary of the Army Stevens, John G. Adams, counselor, Department of the Army, and Gen. Cornelius Ryan, Fort Dix, N. J. Hearings continue tomorrow.

STRATEGIC MATERIALS

Committee on Interior and Insular Affairs: Minerals, Materials, and Fuels Economics Subcommittee met in executive session to hear Gen. Carl Spaatz, former Chief of Staff of the U. S. Air Force, testify on the accessibility of strategic materials to the U. S. in time of war. Subcommittee will meet again Wednesday, May 26.

FEDERAL AID TO AIRPORTS

Committee on Interstate and Foreign Commerce: Committee held hearings on S. 3410, to amend Federal Airport Act regarding appropriations apportioned among States, with testimony favoring enactment of the bill from Charles L. Dearing, Deputy Under Secretary for Transportation, and F. B. Lee, Administrator of Civil Aeronautics, both of the Commerce Department; and Fred M. Glass, president, Airport Operators Council.

Testifying in opposition to the bill was Randy Haskell Hamilton, director of Washington office, American Municipal Association.

Hearings continue tomorrow on this bill and on S. 3435, incorporation of Washington National Airport.

MERCHANT MARINE ACT AMENDMENTS

Committee on Interstate and Foreign Commerce: Subcommittee on Water Transportation concluded its hearings on S. 3233, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in U. S.-flag vessels, with testimony favoring its enactment from Hoyt S. Haddock, executive secretary, Conference of American Maritime Unions, and H. B. Marcus, president, Consolidated Shipping Agency. Subcommittee adjourned subject to call.

HEARINGS—NATURAL GAS

Committee on Interstate and Foreign Commerce: Senator Purtell, Chairman of the Subcommittee on Business and Consumer Interests announced that hearings on S. 3178, a bill providing for original cost for ratemaking purposes on natural gas held in storage, originally scheduled to begin May 6, have been rescheduled for June 29 and 30.

NOMINATION, COMMITTEE FUNDS, AND PRIVATE BILLS

Committee on the Judiciary: Committee, in executive session, ordered favorably reported:

An original resolution (S. Res. 252) authorizing additional expenditures of \$10,000 by Committee on the Judiciary;

The nomination of William Ernest Smith to be U. S. marshal for western district of Tennessee; and

Ten private claims bills (S. 2553, 820, 1203, 1573, 1634, 2266; H. R. 7258, 1509, 1905, and 5933), and 31 private immigration bills (S. 986, 1332, 1798, 1833, 1858, 1940, 2036, 2044, 2067, 2101, 2121, 2156, 2200, 2264, 2280, 2301, 2352, 2366, 2369, 2461, 2594, 2960, 2965, 3196, H. R. 689, 737, 807, 897, 1144, 1348, and 3145).

Committee indefinitely postponed further action on 5 private claims bills (S. 2018, 2035; H. R. 726, 2032, and 3672), and 8 private immigration bills (S. 943, 956, 1087, 2152, 2263, 2275, 2319, and 2355).

House of Representatives

Chamber Action

Bills Introduced: 13 public bills, H. R. 9242-9254; and 12 private bills, H. R. 9255-9266, were introduced.

Pages 6648-6649

Bills Reported: Reports were filed as follows:

S. 251, to amend the U. S. Code relating to docket fees (H. Rept. 1665);

H. R. 1975, to extend the Federal Declaratory Judgments Act to the Territory of Alaska, amended (H. Rept. 1666);

H. R. 1976, to permit the registration of judgments in or from the District Court for the Territory of Alaska, amended (H. Rept. 1667);

H. R. 6487, to approve the repayment contract negotiated with the Roza Irrigation District, Yakima project, Washington (H. Rept. 1668);

H. R. 7194, to approve repayment contracts negotiated with the Hermiston and West Extension Irrigation Districts, Oregon (H. Rept. 1669);

H. R. 8009, to govern hospitalization of the mentally ill in Alaska, amended (H. Rept. 1670); and

H. R. 6773, a private bill (H. Rept. 1671). Page 6648

The consideration of D. C. legislation was in order but as no bills were presented the House adjourned after hearing several Members discuss bipartisanship in foreign policy.

Bill Referred: S. 975, to amend the Home Owners Loan Act of 1933 with respect to Federal savings and loan associations. Page 6647

Program for Tuesday: Adjourned at 1:13 p. m. until Tuesday, May 25, at 12 o'clock noon, when the House will consider H. R. 9302, the Legislative-Judiciary appropriation bill for 1955.

Committee Meetings

LIQUOR ADVERTISING

Committee on Interstate and Foreign Commerce: Concluded public hearings on H. R. 1227, to prohibit transportation of advertisements of alcoholic beverages in interstate commerce. Proponent witnesses heard at the morning session were Edward Page Gaston, Patriot Guard of America, Inc., Washington, D. C.; and Dr. Edward B. Dunford, National Temperance League, Washington, D. C.

Witnesses at the afternoon session, speaking in opposition to the proposal, were William L. Daley, legislative committee, National Editorial Association, Washington, D. C.; Arthur P. Bondurant and R. E. Joyce, Jr., of the Kentucky Distillers Association, Louisville, Ky.; Gilbert H. Weil, general counsel, Association of National Advertisers, Inc., New York City; John E.

O'Neill, general counsel, Brewers Association of America, Washington, D. C.; Norton B. Jackson, executive director, Point-of-Purchase, Advertising Institute, New York City; and Peyton R. Evans, Washington (D. C.) Publishers Association.

Committee adjourned until tomorrow morning when it begins its scheduled hearings on prohibiting fluorination of water.

FISHERY PRODUCTS

Committee on Merchant Marine and Fisheries: Subcommittee No. 2 today approved, in an executive meeting, S. 2802, to encourage further the distribution of fishery products in the development of research programs and increased markets. This measure will be considered by the full committee in tomorrow's executive session.

RIVERS AND HARBORS

Committee on Public Works: The Angell subcommittee (in executive session) approved the following bills for reporting to the full committee—H. R. 7913, to convey by quitclaim deed certain land to the State of Texas; H. J. Res. 459, designating the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River about 9 miles southwest from Texarkana, Tex., as Lake Texarkana; H. R. 7158, authorizing U. S. Government to reconvey certain lands to S. J. Carver; H. R. 161, designating the reservoir created by the construction of the Norfolk Dam in Baxter County, Ark., as Lake John Morrow; and H. R. 162, designating the reservoir created by the construction of the Bull Shoals Dam in Baxter and Marion Counties, Ark., as Lake Tom Shiras.

Representative Patman (Texas) spoke on the two bills he introduced, H. R. 7913 and H. J. Res. 459. D. J. Kelly presented the statement of Representative Rayburn in connection with his bill, H. R. 7158. Statements for the record will be inserted by Representative Mills (Arkansas) in connection with his measures, H. R. 161 and 162. Col. Alfred D. Starbird explained the five bills in behalf of the Corps of Engineers.

Also began restudy of suggested modifications requested by the Chief of Engineers of the McGee Bend Reservoir, Tex. Postponed action on this proposal until a later date. Col. William Whipple presented views of the Corps of Engineers on this subject, and testimony was presented by Representative Brooks (Texas) and local interested witnesses. Subcommittee recessed until tomorrow.

SOCIAL SECURITY

Committee on Ways and Means: Continued executive consideration of H. R. 7199, a bill which would expand old-age and survivors coverage and which would liberal-

HOUSING ACT OF 1954

REPORT

FROM THE

COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

H. R. 7839

CONTAINING THE SEPARATE VIEWS
OF MR. LEHMAN



MAY 28 (legislative day, MAY 13), 1954.—Ordered to be printed

UNITED STATES
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CONTENTS

	Page
Introduction.....	1
Background for committee action.....	2
Prevention of abuses.....	3
Protection of the consumer.....	4
Brief summary of bill.....	5
Federal housing insurance program.....	9
Home improvement and repair.....	9
Share the risk.....	13
Eligibility.....	13
Suspension of offending dealers and salesmen.....	14
Loan limits.....	14
Misuse of initials "FHA".....	15
Eligible lenders.....	15
Administrative changes.....	15
Matters of regulation written into statute.....	16
Mobile dwellings.....	16
Sales housing program.....	17
Low-cost suburban and outlying housing.....	19
Builders cost certification.....	21
Multifamily rental housing.....	23
Cooperative housing.....	24
Rehabilitation and neighborhood conservation housing.....	24
Relocation housing.....	25
Mortgage insurance for servicemen.....	27
Extension of military, defense housing, and community facilities program.....	28
Open-end mortgages.....	29
Insurance authorization.....	30
Mutual mortgage insurance system.....	30
Prohibition against use of multifamily housing for hotel purposes.....	30
Titles II and VI—Federal National Mortgage Association and the volun- tary home mortgage program.....	33
Voluntary home mortgage credit program.....	33
Adequacy of existing FNMA for standby purposes, without the pro- visions of title II as passed by House.....	34
Title III—Slum clearance and urban renewal.....	35
General.....	35
Retention of primary objection.....	35
Types of projects.....	36
Workable program requirement.....	36
Standards for program eligibility.....	37
Local governing body approval.....	38
Urban renewal service.....	39
Apportionment of cost of public facilities.....	39
Grants to localities for developing slum prevention techniques.....	39
Local grants-in-aid.....	39
Coordinated administration.....	40
Title IV—Low-rent public housing.....	41
Title V—Home Loan Bank Board.....	43
Title VII—Urban planning and reserve of planned public works.....	44
Urban planning.....	44
Reserve of planned public works.....	44
Title VIII—Smoke elimination and air-pollution prevention.....	45
Research.....	45
Loans.....	46

	Page
Title IX—Miscellaneous provisions.....	47
Builders certification.....	47
Continuation of the veterans' direct home-loan program.....	48
Loans to public agencies.....	48
Succession of RFC.....	49
Farm housing.....	50
Housing disposition and other amendments.....	51
Sections 904, 905, 906, 907, 908, 909, 910, and 912.....	51
Section 913.....	52
Sections 914 and 915.....	53
Section by section analysis.....	53
Amendments of title I of National Housing Act.....	53
Section 101.....	53
Section 102.....	55
Section 103.....	55
Amendments to title II of National Housing Act.....	55
Section 104. Section 203 sales housing—Maximum mortgage amounts—Downpayments.....	55
Section 105. Maximum maturity of section 203 mortgages.....	56
Section 106. Maximum interest rate on section 203 mortgages.....	56
Section 107. Debentures presented in payment of premium charges.....	56
Section 108. Farm housing mortgage insurance terminated.....	57
Section 109. Repeal of refinancing requirement and President's standby authority.....	57
Section 110. Disaster housing and housing in suburban and small communities.....	57
Section 111. Payment of insurance.....	58
Section 112. Terms of debentures and refunding debentures.....	58
Section 113. Technical amendment.....	59
Section 114. Establishment of general surplus account and participating reserve account in mutual mortgage insurance fund.....	59
Section 115. Section 207 rental housing.....	59
Section 116. Technical amendment concerning debentures.....	60
Section 117. Foreclosure costs.....	60
Section 118. Protection of labor standards.....	60
Section 119. Cooperative housing.....	60
Section 120. Provision for Assistant Commissioner for Cooperative Housing.....	61
Section 121. Consolidation of all mortgage-insurance authorizations.....	62
Section 122. Transfer between insurance funds.....	62
Section 123. Addition of sections 220 and 221.....	62
Section 220. Rehabilitation and neighborhood conservation housing insurance.....	62
Section 221. Mortgage insurance for relocation housing.....	64
Section 124. Mortgage insurance for servicemen.....	66
Section 125. Transfer of certain mortgage insurance programs to title II program.....	67
Section 126. Additional FHA provisions.....	68
Section 224 (new). Debenture interest rate.....	68
Section 225 (new). Open-end mortgages.....	68
Section 226 (new). FHA appraisal available to home buyers.....	69
Section 227 (new). Builder's cost certification.....	69
Section 228 (new). Compensation to certain positions in FHA.....	71
Additional amendments relating to FHA.....	71
Section 127. Termination of authority to insure mortgages under title IV.....	71
Section 128. One-year extension of military housing insurance authority—Section 903 housing to be held for rental.....	72
Section 129. Continuation on standby basis of defense housing and community facilities programs.....	72
Section 130. Builders' cost certifications—FHA titles VIII and IX.....	72
Section 131. Misuse of the initials "FHA".....	73

Section by section analysis—Continued	
Additional amendments relating to FHA—Continued	Page
Section 132. Denial of FHA insurance assistance in cases of abuses—Prohibition against using FHA-insured housing for transients in all cases	73
Section 133. Standby of merger of GI home loan program with FHA insurance program	74
Title II—Federal National Mortgage Association	74
Section 201. Continuation of certain FNMA authority	74
Section 202. FNMA advance commitments for military housing mortgages and Guam housing mortgages	75
Section 203. Transfer of functions from the Housing Administrator to FNMA	75
Title III—Slum clearance and urban renewal	75
General	75
Section 301. Change in title	75
Section 302. Urban renewal fund	76
Section 303. Local responsibility and workable program	76
Section 304. Advances of funds	77
Sections 305, 306, 307, and 309. Technical changes to cover urban renewal	77
Section 308. Reimbursement for inspections	78
Section 310. Labor standards	78
Section 311. Urban renewal project; local grants-in-aid; apportionment of costs of public facilities; avoidance of delays in project completion; gross project costs; standards for project eligibility; and definition of local public agency	78
Local grants-in-aid	79
Apportionment of costs of public facilities	80
Avoidance of delays in project completion	80
Gross project costs	80
Standards for project eligibility	81
Local public agency	82
Section 312. Savings provision	82
Section 313. Repeal of appropriation act provisos	82
Section 314. Grants to localities for developing slum prevention and elimination techniques	82
Title IV—Low-rent public housing	83
Section 401. Restoration of Housing Act of 1949 low-rent public housing program—preferences for admission to public housing	83
Section 402. Payments in lieu of taxes	84
Section 403. Self-liquidation of public housing	85
Section 404. Repeal of labor reporting requirements	85
Section 405. Requirements of tenants of low-rent public housing—GAO audit	85
Section 406. Procedure in cases of local decision to sell low-rent public housing	86
Title V—Home Loan Bank Board	86
Section 501 (1). Providing for service of process on Federal Savings and Loan Insurance Corporation	86
Section 501 (2). Statute of limitations in enforcement of claim for payment of insurance	86
Section 501 (3). Termination of insurance by FSLIC	87
Section 503. Increase in amount of home mortgage as collateral for advances	87
Section 503 (1). Increase in maximum amount of loan by Federal savings and loan associations	87
Section 503 (2). Enforcement of rules and regulations governing operations of Federal savings and loan associations and appointment of conservators and receivers	87
Section 503 (3). Increase in authorized investment in unsecured loans for home repair and improvement	88
Title VI—Voluntary home mortgage credit program	88
Section 601. Declaration of policy	88
Section 602. Definitions	89
Section 603. National Voluntary Mortgage Credit Extension Committee	89

Title VI—Voluntary home mortgage credit program—Continued	Page
Section 604. Regional subcommittees	89
Sections 604, 606, and 607. Function of national committee and of regional subcommittees	89
Section 608. Regulations of Administrator	90
Sections 609, 610, and 611. General provisions	91
Title VII—Urban planning and reserve of planned public works	91
Section 701. Urban planning	91
Section 702. Reserve of planned public works	91
Section 703. Definitions	92
Title VIII—Smoke elimination and air-pollution prevention	92
Section 801. Objective	92
Section 802. Research	92
Section 803. Loans	92
Section 804. FHA loan insurance	93
Section 805. Definition	93
Title IX—Miscellaneous provisions	94
Section 901. Builders certification as to construction	94
Section 902. Continuation of veterans' direct home-loan program— Home repair loans	94
Section 903. Public agency loan authority placed in Housing Administrator	95
Section 904. Disposition of housing	95
Section 905. Disposition of housing under the Defense Housing Act of 1951	96
Section 906. Advisory committees	97
Section 907. Insurance receipts from damage of school facilities	97
Section 908. Sale of Canyon Crest Homes to University of California	98
Section 909. Sale of Westfield Heights and Drum Hill Park to the Wethersfield (Conn.) Housing Authority	98
Section 910. Reduction of vulnerability to enemy attack	98
Section 911. Farm housing	98
Section 912. Repeal of section 504 of the Housing Act of 1950	98
Section 913. Amendment of section 3491 of the Revised Statutes	99
Sections 914 and 915. Act controlling and separability provisions	99
Cordon rule	100
Separate views of Mr. Lehman	151

HOUSING ACT OF 1954

MAY 28 (legislative day, MAY 13), 1954.—Ordered to be printed

Mr. CAPEHART, from the Committee on Banking and Currency,
submitted the following

REPORT

Together with the

SEPARATE VIEWS OF MR. LEHMAN

[To accompany H. R. 7839]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, having considered the same, report favorably thereon with an amendment in the nature of a substitute and recommend that the bill as amended do pass.

INTRODUCTION

The President, in his message to Congress on Housing on January 25, 1954, eloquently stated the purpose and laid the groundwork for your committee actions on the bill it now recommends be enacted. Your committee fully endorses President Eisenhower's statement that:

The development of conditions under which every American family can obtain good housing is a major objective of national policy. It is important for two reasons. First, good housing in good neighborhoods is necessary for good citizenship and good health among our people. Second, a high level of housing construction and vigorous community development are essential to the economic and social well-being of our country. It is, therefore, properly a concern of this Government to insure that opportunities are provided every American family to acquire a good home.

In reporting the Housing Act of 1953 a year ago, your committee expressed the almost identical objective and reasoning when we stated:

An opportunity for every American to enjoy a decent home is a goal toward which much progress has been made. It is essential that this progress not be interrupted but accelerated. Not only is better housing a requisite for an improved standard of living in America; it is a basic factor in our ability to maintain a healthy and expanding economy.

This is still your committee's view. It believes that this bill provides a practicable and effective means of greatly accelerating our progress toward the aforementioned goal.

Your committee believes that this bill fully meets the criteria, in the words of the President—

that needed progress can best be made by full and effective utilization of our competitive economy with its vast resources for building and financing homes for our people.

The bill should facilitate and encourage the construction of more and better homes in our cities, suburbs, and farm areas for the moderate and low-income groups who are most in need of better housing.

It should quicken our attack upon our slums in the cities and towns of our Nation, and for the first time provide an organized and intelligent method of preventing the spread of blight and slums.

It establishes an organized method of pooling the initiative, the resources, and responsibilities of our major mortgage investment institutions for the purpose of providing a more even flow of housing funds, especially in areas which are unable to provide such funds from local sources.

It should encourage effective planning for better neighborhoods in our towns and smaller cities, and the preparation of blueprints for local public works so as to maintain a continuing and adequate reserve of planned public works.

It provides for the first time a Federal program which will stimulate and encourage a coordinate attack by local, State, and Federal governments upon the smoke and air-pollution problem.

It modernizes, strengthens, and eliminates defects and avenues of probable abuse in connection with existing and new housing programs.

BACKGROUND FOR COMMITTEE ACTION

In considering the bill your committee had the benefit of the President's Advisory Committee's Report on Housing, which committee made an intensive study of the overall housing problem and many of the detailed questions and programs with which the bill deals. Your committee also held extensive hearings over the course of 5 weeks (2,029 pages of hearings) and heard testimony from experts in the field of housing and mortgage finance and numerous other people and groups affected by the various provisions in this bill.

During your committee's deliberation on the bill, the widely publicized alleged scandal connected with the administration of the housing program was announced. Your committee immediately undertook an investigation to determine in a general way the extent and type of abuses and irregularities that existed, with a view to tightening and revising existing law so as to prevent their reoccurrence and to provide the proper safeguards against any similar abuses or irregularities in the new legislation which your committee now recommends.

While no allegations were made to your committee about any abuses or irregularities connected with the administration or the operation of several other housing programs in the Housing and Home Finance Agency, your committee as a precautionary measure, before it took action on this bill, requested the Division of Slum Clearance and Urban Redevelopment, the Public Housing Administration, the

Home Loan Bank Board, the Federal National Mortgage Association, and the Division of Community Facilities and Special Operations to review, and advise your committee with respect to, the safeguards in existing law, in the agency regulations and in their administration of the laws and regulations which are intended to protect their programs against possible abuses and irregularities. It was also requested that they bring to your committee's attention any serious abuse or irregularities that had developed or were existing and the action that had or was being taken with respect to them. In the light of their review, it was also requested that your committee desired to be informed of any amendments to existing law which might be helpful in protecting against any possible abuse or irregularities in the administration of these various programs. Preliminary memoranda were received from each of the agencies and divisions with reference to our request. While there has not been sufficient time to study the memoranda thoroughly, all, with one exception, indicate that existing law and regulations are adequate. The Home Loan Bank Board suggested one statutory change, in addition to those already provided in the bill as introduced, and which is now included in the bill giving the Federal Savings and Loan Insurance Corporation authority which the Federal Deposit Insurance Corporation now has to terminate the insured status of institutions continuing unsafe and unsound practices in conducting its business. Your committee, of course, will continue to study the operation and administration of these agencies during its investigation of the housing program.

Your committee is satisfied that it has provided against all the loopholes in the various housing laws and their administration that have thus far come to your committee's attention. However, your committee is undertaking an extensive and comprehensive investigation of the administration of the various housing acts and it may well be that it will discover other abuses and irregularities which may require further changes in the law and its administration. At the same time your committee will cooperate in every way with the Housing and Home Finance Administrator and the various agency heads who are concerned with the fair and honest administration of the housing laws in seeing to it, that insofar as it is humanly possible, no new abuses or irregularities will be allowed to develop.

PREVENTION OF ABUSES

A number of tightening amendments have been included in this bill to safeguard against the known abuses and irregularities, which are discussed in greater detail in the later sections of this report:

1. The FHA property improvement and repair loan program (title I of National Housing Act) was changed from a system of insuring a lending institution against 10 percent of its losses on the aggregate amount of its loans, which for all practical purposes affords the lender 100-percent protection against any loss, to an insurance system which requires the lender to bear 20 percent of any loss on each individual loan. The type of eligible loans for improvements are, by this bill, limited to those which substantially protect or improve the basic livability or utility of the property. In addition to these basic changes in this title, a number of other strengthening and consumer-

protective amendments, along with good administration, should eliminate the abuses that are known to exist in connection with the program.

2. Cost certification amendments were added to all the sections of the Housing Act which appeared susceptible to the abuse of taking windfall profits out of the proceeds of the mortgage loan which is insured by the FHA, for example, sections 207, 213, 220, 221, 803, 903, and 908. The new cost certification amendment is tighter than the one that is presently provided in the defense housing section 908 and the military housing section 803, since it requires that the mortgage amount be a designated percentage of the cost, which depending on the section, is 80 to 95 percent, rather than (as under present law) no greater than the cost of the completed improvements.

3. In section 213 (cooperative housing), the basis for insurance is changed from "estimated replacement cost" in existing law to "estimated value," a much more conservative method of determining the mortgage amount which FHA will insure.

4. Provision is made for a certification by a builder or seller of an FHA or VA insured or guaranteed single family, 2-, 3-, or 4-family residence, that the dwelling was constructed in conformity with plans and specifications.

5. Provisions are included to strengthen the Criminal Code to prevent the improper use of "FHA" in advertising.

6. Provisions are included to permit the FHA Commissioner to suspend any insured lender or borrower, or a builder, contractor, or dealer, or others who abuse the FHA or VA program.

7. The bill restores the position of FHA Assistant Commissioner in Charge of Cooperative Housing, whose responsibility it will be, among other things, to see that the cooperative housing program is administered in accordance with the intent of providing aid and assistance to genuine cooperative groups rather than for the benefit of the operative builders who used it as a means of gaining speculative profits.

8. The bill grants to the Federal Savings and Loan Insurance Corporation the authority to terminate the insured status of an institution continuing unsafe and unsound practices in the conduct of its business.

THE PROTECTION OF THE CONSUMER

While your committee has included a number of tightening amendments and safeguards against possible abuses and irregularities in the administration of the various housing programs, it feels that there is a need for a change in the approach or philosophy of administration that the Federal Housing Administration appears to have manifested thus far. While naturally and properly the FHA should be concerned with protecting its insurance fund, the builder and the mortgagee against loss and encouraging profitable programs of construction, and while your committee fully appreciates, as it has stated in the opening paragraphs of this report, the importance of maintaining a high level of housing production, these objectives should not obscure the fact that the first responsibility of Congress, and that of any

agency administering part or all of the housing program, is to protect and preserve the public interest, in general, and the rights of homeowners, in particular. It is your committee's considered opinion, and unless contrary views are expressed or amendments are offered, that it is the intent of Congress that the HHFA and its constituent agencies in their administration of the program which they are authorized to carry out shall at all times regard as a primary responsibility their duty to act in the interest of the individual home purchaser and in so doing to protect his interest to the extent feasible.

BRIEF SUMMARY OF BILL

FHA IMPROVEMENT AND REPAIR LOANS

1. Continues existing terms and maturities, rather than increasing the maximum loan as the House bill did from \$2,500 to \$3,000, and the maturity from 3 years, 32 days to 5 years, 32 days; and on multi-family loans an increase beyond the maximum of \$10,000 by allowing \$1,500 per unit or \$10,000, whichever is greater, and increase in term from 7 years, 32 days to 10 years, 32 days.

2. Provides an insurance of 80 percent on each individual loan, rather than as in existing law and in the House bill—an insurance of an institution against 10 percent of its losses on the aggregate amount of its loans—in effect, 100 percent protection against loss.

3. Limits type of loans to improvements which substantially protect or improve the basic livability or utility of the property.

4. Makes a number of strengthening and borrower-protecting amendments.

5. Permits loans to be insured for the purchase of trailer coach mobile dwellings where the loan is not more than \$6,000, matures in not to exceed 6 years, and the borrower has paid in cash at least 20 percent of the purchase price. On these loans, however, the insurance is limited to 75 percent of the amount of any loss.

FHA SALES HOUSING PROGRAM

1. Consolidates and simplifies present provisions on downpayments and maturities.

2. Liberalizes present terms by allowing maximum ratio of loan to value not to exceed 95 percent of first \$8,000, and 75 percent in excess of \$8,000. Extends maturities up to 30 years. (House provided 95 percent on first \$10,000.)

3. Increases present maximum loans on individual and 2-family houses from \$16,000 to \$18,000; 3-family from \$20,500 to \$24,000; 4-family from \$25,000 to \$30,000. (House provided \$20,000, \$27,500, and \$35,000, respectively.)

4. Retains existing loan to value ratios on existing housing and reduces the maximum maturity on existing houses by 1 year for each year during the first 10 years following the completion of the dwelling. The House bill provided the same terms for existing houses as for new ones.

5. The new terms are to be effective on enactment rather than at the discretion of the President as provided in House bill.

RENTAL AND COOPERATIVE HOUSING

Cost certification required on all rental-type housing.

Section 207

1. Increases the per-room mortgage amount up to \$2,400 from existing \$2,000 for elevator-type structures.
2. Removes \$10,000 maximum mortgage amount.

Section 213

1. Changes the basis for determining mortgage amount from "estimated replacement cost" to "estimated value" (less liberal).
2. Revises and simplifies allowable mortgage-to-loan ratio by allowing 95 percent loan in event project contains more than 50 percent veterans (65 percent in House bill); otherwise 90 percent loan. Present formula varies percentage by graduated scale of veteran occupancy.
3. Increases mortgage amounts from \$1,850 per room up to \$2,250 in nonveteran cooperative. In elevator-type allows up to \$2,700 for nonveterans and \$2,850 for veterans. When located in an urban redevelopment or renewal area, which area is also determined to be a high-cost area, the maximum mortgage limit can be increased by \$1,000 per room.

HOUSING TO FACILITATE URBAN RENEWAL PROGRAM

Cost certification required on all rental-type housing.

New section 220

Purpose is to assist in rehabilitation of existing dwellings and construction of new dwellings in urban renewal areas:

1. Ninety percent of estimated value.
2. Maximum mortgage amount \$2,250 per room and \$2,700 for elevator type, with an increase in the maximum mortgage amount of \$1,000 per room when it is determined to be in a high-cost area.
3. Loans on existing houses when mortgage is held by a nonprofit or a governmental instrumentality same as for sales housing, except in more than four-family units allows \$30,000 plus \$6,000 for each additional unit. (House changed loan-to-value ratio from 95 percent of first \$8,000 to 95 percent of first \$10,000 and 75 percent of value over \$10,000.)

New section 221

Available for families displaced by slum clearance or governmental action where communities request it and they have an acceptable program.

1. Loan-to-value ratio 95 percent for new housing, and 90 percent on existing housing (except when mortgagor is nonprofit or governmental agency in which case loan may be for 95 percent on either new housing or existing housing), as compared with 100-percent insurance (\$200 for settlement costs) in House bill.
2. Mortgage amount not to exceed \$7,600 per house (\$8,600 in high-cost areas).
3. Maturity of loan 30 years rather than 40 years as provided in House bill.
4. Builder can get 85-percent loan.

HOME MORTGAGE INSURANCE FOR SERVICEMEN

Adds a new section 222 to National Housing Act to permit FHA to insure 95-percent loans on houses for servicemen and members of the United States Coast Guard, provided they are issued a certificate by the Secretary of Defense or Secretary of the Treasury, respectively. Premiums would be paid by such officials, from appropriations for pay and allowances of such servicemen and members of United States Coast Guard, during time dwelling is owned by such persons. The maximum mortgage amount is limited to \$14,250. There is no similar provision in the House bill.

OPEN-END MORTGAGES

A new section 224 of the National Housing Act authorizes open-end mortgages for 1- to 4-family mortgages and a similar open-end authority is extended to VA-guaranteed loans under section 902 (g) of the bill.

SLUM CLEARANCE AND URBAN RENEWAL

1. Broadens and redirects present program, not only to assist communities in clearing slums as is presently provided, but to prevent their spread by rehabilitation and improving blighted, deteriorated, or deteriorating areas.

2. In addition to present program, provides loans and grants for plans for voluntary repairs and rehabilitation of buildings, clearance of deteriorated structures, reconstruction of streets, and necessary improvements.

3. Requirements with respect to local responsibility and action are strengthened.

4. Predominantly residential requirement as basic test of project eligibility restored in lieu of the more general requirement of the House bill, with provision for limited flexibility in handling appropriate cases which cannot meet this basic test.

5. Several amendments to the House bill designed to clarify and coordinate responsibility and provide for more definite standards of administration.

PUBLIC HOUSING

1. Repeals limitation in previous Independent Office Appropriation Acts restricting the construction of housing units, as originally provided in Housing Act of 1949. It has the effect of restoring the original program authorized in that Act, which was subject to the overall limitation of 810,000 units for the life of the program. An estimated balance remains of 617,000 which could be placed under construction in future years, with the President controlling, through the budget process, the number to be built in any fiscal year, subject to the limitation in the act of not more than 200,000 in any one year. The House bill contains no similar provision.

2. Extends preference for admission to public housing to those displaced by public governmental action.

3. Ten percent payment in lieu of taxes made mandatory.

4. Permits localities to charge full taxes, provided they make up difference in order to maintain local contribution equal to 20 percent of Federal contribution.

5. After projects are amortized, net revenues go proportionately to Federal and local government on basis of contribution.

6. Perfects a House provision which authorizes the liquidation of a public-housing project where the people of the community have indicated by referendum or action of their representatives that they decide that this be done.

HOME LOAN BANK BOARD

1. Provides a procedure for the appointment of a conservator or supervisory representative by the Home Loan Bank Board. If appointment of conservator or receiver is not necessary or desirable, could enforce compliance.

2. Grants to the Federal Savings and Loan Insurance Corporation the same authority as the FDIC has to terminate the insured status of an institution continuing unsafe and unsound practices in the conduct of its business.

3. Increases the maximum amount of uninsured loans a Federal savings and loan institution can make for home improvements from \$1,500 to \$2,500, the same as provided for under the FHA home-improvement loan program.

4. Deletes House provision changing name of Federal Savings and Loan Insurance Corporation to Federal Savings Insurance Corporation.

VOLUNTARY HOME-CREDIT PROGRAM

In lieu of the House provision for rechartering a new FNMA providing for (1) a private secondary-mortgage facility, (2) a special-assistance function, and (3) liquidation of existing FNMA portfolio, the bill provides for the establishment of a voluntary home-credit program.

The VHCP is designed to encourage and facilitate the flow of mortgage credit, for Government insured and guaranteed loans, into remote areas and small communities through the voluntary cooperation and effort of private lending institutions. This purpose is accomplished through a national committee as well as regional subcommittees. The national committee would be composed of representatives of financing institutions, builders, and the Government; it would maintain liaison with appropriate Government agencies, review the supply and demand of funds for residential mortgages throughout the country, and correlate the work of the regional subcommittees. The regional subcommittees would study regional supply and demand of mortgage funds, analyze cases of unsatisfied demands for mortgage credit, assist individual applicants for residential mortgage loans by the circularization of private financing institutions, and report the results of its work to the national committee.

The existing FNMA is continued on a standby basis with authority to make advance commitments in accordance with existing law and up to \$15 million in Guam. Except for these provisions and authority to purchase mortgages under existing commitments (or mortgages eligible for such commitments), FNMA would not be expected to purchase any mortgages until further instructed by Congress to do so.

URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

1. Provides \$5 million to Housing and Home Finance Administrator for planning grants up to 50 percent of estimated cost to State,

metropolitan, and regional area agencies for metropolitan or regional planning, and to State planning bodies to assist municipalities under 25,000 in urban planning.

2. Provides \$10 million to resume non-interest-bearing planning advances to local and State bodies for public works plans, repayable when construction is undertaken, in order that such works can be ready for construction if the economic situation should require it.

MISCELLANEOUS PROVISIONS

1. Provides for a certification by a builder or seller of an FHA or VA insured or guaranteed single family, 2, 3, or 4 family residence that the dwelling was constructed in conformity with plans and specifications as approved by FHA or VA.

2. Extends veterans' direct home loan program for another year and increases the quarterly authorization from \$25 million to \$50 million.

3. Several Lanham Act and other disposition provisions.

4. Provides for consideration to be given to the reduction of vulnerability of congested areas to enemy attack in carrying out housing programs.

5. Extends the present farm home loan program under title V of the 1949 act.

SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

Research

Secretary of Health, Education, and Welfare is directed to undertake and conduct a program of technical research and studies concerned with:

- (a) the causes of air pollution,
- (b) devices and methods for prevention or elimination of air pollution, and
- (c) guidance and assistance to local communities in smoke abatement and air pollution prevention and control.

Up to \$5 million would be authorized to be appropriated to carry out the research program.

Loans

Loan program by HHFA in cooperation with private lending institutions to business enterprises to aid them in installation of air pollution equipment.

Loan would only be made if it is determined that it would result in substantially reducing air pollution in community where device or structure is to be located and unless borrower is unable to obtain funds from private sources on reasonable terms. Must be a participating loan.

For the homeowner, FHA loan insurance could be used for purposes of home conversion and improvements which aid air pollution prevention.

FEDERAL HOUSING INSURANCE PROGRAM

HOME IMPROVEMENT AND REPAIR

Section 101 of the bill amends section 2 (a) of the National Housing Act, as amended, in an attempt to safeguard the programs operated

under that section against abuses concerning which complaint was made to your committee.

During the hearings held in March and April 1954 on the Senate counterpart of the present bill, no suggestion was made to the committee that it amend this section as to single family structure other than that the maximum limit of advances for home improvements and repairs be increased to \$3,000 from \$2,500 and that the maximum time for repayment of such loans be increased to 5 years and 32 days from 3 years and 32 days.

The President's Advisory Committee on Government Housing Policies and Programs in its December 1953 report to the President recommended these two modifications in section 2 (a) and further recommended that FHA use every available administrative control to assure that homeowners are protected against possible losses from irresponsible parties utilizing the modernization programs under title I of the National Housing Act. In so acting, the Presidential committee adopted recommendations one and three of its Subcommittee on FHA-VA Programs. The subcommittee noted that it had discussed reports of abuses in the title I operation. It stated that the bulk of the criticism was related to activities of so-called "dynamiters" or "racketeers" who sell products or services to a homeowner and arrange for his title I credit with a financial institution. It noted that FHA polices lenders only when there is a complaint of fraud. It rejected a mandatory inspection requirement for work performed under title I as being unworkable. Noting that lenders have a responsibility, the subcommittee stated that they should make every endeavor to police their title I operations more carefully than they have in the past. It took cognizance of new regulations under title I issued by FHA becoming effective December 18, 1953, and designed to tighten the procedures in cases where the homeowner does not deal directly with the financial institution. The subcommittee stated that it was its judgment that these new regulations would correct the abuses and that no further requirement should be imposed on title I programs at this time.

Subsequently, your committee received indications of possible widespread abuses under the home improvement and repair program operated by virtue of section 2 of the National Housing Act, as amended. It delved into the existence and scope of these abuses during the course of committee hearings held between April 19 and April 29, 1954. It encouraged witnesses and the public in general to submit recommendations for statutory and administrative amendments which would discourage the continuance of these abuses without destroying the workability of the title I home improvement and repair programs.

Your committee directed its staff to accumulate for consideration in executive session the several amendments received in response to this invitation, as well as additional amendments proposed by the staff after a study of the types of abuses occurring under the title I home improvement and repair programs. As a result the staff presented 31 different proposed statutory amendments. Separately, the Housing Administrator submitted a list of 6 recommendations for changes in the pertinent statutes as a means of controlling abuses of the programs under section 2.

Upon consideration of the several proposed amendments, your committee adopted all of those suggested by the Housing Adminis-

trator and, in addition, some of the amendments contained in the staff memoranda.

Most of the abuses under the title I program brought to the attention of the committee were at the expense of the borrower. It appears that on the whole the title I program resulted in no overall losses to the FHA, the lending institutions, the dealers or the salesmen participating in it. Unfortunately, the same cannot be said for the borrower, who at times was the victim of "dynamiters" and "suede shoe boys" who employed high pressure sales techniques to sell the borrower materials or work he did not need at a price too frequently far above the going market price. FHA, in general, relied on the participating lending institution to police the title I programs and, when confronted with the complaints of abuses, pleaded its lack of adequate personnel as an excuse for failure to police operation of the title I programs more adequately itself. In turn the lending institutions relied heavily upon the participating dealers to operate the title I home improvement and repair programs in a satisfactory manner. According to complaints received by your committee, dealers themselves at times were duped and cooperated with the "suede shoe boys," lending a front of respectability to their high pressure operations. In some cases concerning which complaints were received, this advantage was combined with the use of the name of the FHA in order to lead the borrower to believe that the Federal Government gave its stamp of approval to the projects sold to borrowers by the "dynamiters."

While your committee realizes that it has not yet had sufficient opportunity to make a thorough investigation of the abuses which may have occurred under the title I programs, it believes the amendments which it included in the bill, if properly administered, will prevent the types of abuses under the title I programs concerning which your committee has received complaints. It is the intention of your committee to proceed with further investigation of operations under title I as well as under other provisions of the National Housing Act and related statutes comprising authority for the current Federal housing programs. Should such a study lead your committee to the belief that further statutory restrictions are required under the title I programs, it can give consideration to these matters when the 84th Congress convenes in January 1955. Under present legislation, which is not changed by this bill in this particular respect, the title I home improvement and repair programs will terminate as a going operation on June 30, 1955.

Your committee wishes to emphasize that all the amendments concerning home improvement and repair programs contained in this bill are intended to restrict operation of those programs as compared with the method of operation prior to the enactment of this bill. Your committee agrees that the FHA regulations governing property improvement loans under title I, as amended to December 18, 1953, if adequately administered and enforced, should be helpful in preventing a recurrence of many of the abuses about which your committee has received complaint. But your committee does not believe that these regulations, by themselves, are sufficient to accomplish that result. They must be supplemented by additional restrictive regulations issued pursuant to the amendments contained in this bill concerning home improvement and repair programs. FHA must recognize

that it has a responsibility to the borrower under these programs and cannot shrug off that responsibility by any claim that its function is merely to assure as best it can that the Federal Government sustains no financial loss under the Federal home improvement and repair insurance programs. If abuses under the program are to be curtailed, FHA must assume a more active role in administration and supervision of these home repair and improvement programs than it has in the past.

Your committee has included in this bill amendments to the statutory authority for such programs which it believes will encourage the lending institutions, dealers, salesmen and borrowers to exercise more care in their administration and use than has hitherto been the case.

Your committee has made no major change in the Federal criminal statutes at this time because it has been represented to it that the transfer of investigative authority under section 1010 of title 28 of the United States Code to the Federal Bureau of Investigation by administrative action will of itself result in more efficient prevention of fraud against the Federal Government. The FBI has a far larger and better distributed investigative staff than the FHA has had to assist in prosecution of violations under section 1010 of the United States Code.

Your committee cannot emphasize too strongly that these amendments are intended to tighten both the scope and administrative procedures under title I. The fact that the restrictive regulations and administrative policy governing title I property improvement loans have not been incorporated verbatim into the statute is not to be taken as an indication that the committee would condone the loosening of the restrictions contained in those regulations and in that policy against abuse of the property improvement programs. Your committee has written into the proposed bill a transfer to the statute of certain of the major restrictions now contained in those regulations. However, it wants no weakening of the remaining restrictions in the regulations which it does not propose to incorporate in the statute. For example, under current administrative policy, refrigerators, washing machines, ironers, stoves, dishwashers, carpeting, draperies, and other household appliances and furnishings are not eligible for the benefits of the title I programs. Your committee intends that such restrictions as this shall continue to apply to these and other free-standing items of furniture and home equipment, not only under the title I programs but also under the proposed new section 225 of the National Housing Act, as amended, and section 902 (g), dealing with open-end mortgages under the FHA and VA programs.

Your committee assumes that similar restrictions against abuse will be self-imposed by Federal savings and loan associations who have been authorized to increase the maximum limit of each uninsured individual loan to \$2,500 from \$1,500 under the provisions of section 503 of this bill.

As previously noted, your committee adopted in toto the principle of all statutory changes recommended by the Housing Administrator with reference to the home improvement and repair programs.

Share the risk.—On this point the committee adopted a more stringent requirement than that recommended by the Housing Administrator. He suggested that each lending institution share the risk of 10 percent of the loss on each individual loan where its claims for any one year exceed a small fixed amount, such as \$2,500, or a small percentage of loans originated by the lending institution, such as one-half of 1 percent or 1 percent, whichever should prove to be the larger. Your committee believes that requiring each lending institution to share the risk of loss on every loan in which a loss occurs will do more to encourage care on the part of the lending institutions participating in these programs. Consequently, your committee adopted a requirement that each lending institution share at least 20 percent of the loss on each individual loan, advance of credit, or purchase.

As an alternative to an amendment of this type, the Housing Administrator had recommended that lenders be required to obtain judgments against borrowers defaulting on title I loans and take initial collection steps as a condition precedent to submitting claims to FHA. Your committee decided to adopt the share-the-risk approach in lieu of the latter alternative.

Eligibility.—The Housing Administrator recommended that title I improvement and modernization loans be limited to basic and essential home improvements and that commercial and industrial structure loans be eliminated from the title I program. Your committee adopted an amendment to accomplish the first half of this FHA suggestion. It made no statutory change in the provisions concerning commercial and industrial structures financed with the aid of title I loans because it has received no complaint concerning abuse under that portion of the program. Your committee has amended section 2, the proposed new section 225 of the National Housing Act, and the amendment to section 501 (b) of the Servicemen's Readjustment Act of 1944, as amended, to limit eligibility to such items as substantially protect or improve the basic livability or utility of properties. Under the proposed amendment to section 2, the Federal Housing Commissioner from time to time is to declare ineligible for financing under section 2 any item, product, alteration, repair, improvement or class thereof which he determines would not meet such standards and he is also authorized to declare ineligible any item which he determines is especially subject to selling abuses. Your committee is of the opinion that the Commissioner has no discretion but to take such action as will exclude such items as tennis courts, swimming pools, barbecue pits, kennels, fire alarm systems, flower boxes, grading, landscaping, penthouses, photomurals, hotels, steam cleaning, stands, tree surgery and valance or cornice boards. In addition, your committee fully expects that the Commissioner will carefully review all items heretofore approved for insurance under title I programs and declare ineligible such additional items as he is authorized to declare ineligible under the amendments to section 2. Your committee's action in this respect is not to be deemed as any lack of appreciation of the value of the items made ineligible. However, your committee is of the opinion that items in that category need no Federal assistance for their acquisition.

Suspension of offending dealers and salesmen.—The Housing Administrator recommended that the Commissioner be authorized to withdraw the benefits of title I insurance from dealers, salesmen, and others who have been established to his satisfaction to be guilty of serious violation of the provisions of title I or other administrative regulations issued thereunder. He noted that the present law already gives the Commissioner such authority with respect to lending institutions. He recognized that before barring offenders from the programs (rather than merely requiring that special precautions be taken in lending through them) they should be given an adequate opportunity for an administrative hearing on the reasons for the proposed action. Your committee has accepted this recommendation of the Housing Administrator. It is contained in section 132 of this bill which proposes to add a new section 512 to title V of the National Housing Act to accomplish that result.

Your committee wishes to emphasize that before any person or firm is blacklisted under the authority of this new section, the Commissioner must notify him or it in writing and provide reasonable opportunity for the presentation of a written request for specification of charges in reasonable detail. Upon receipt of such written request the Commissioner must supply such charges in writing and afford a reasonable opportunity for a person or firm so charged to be heard and represented by counsel. Where applicable, all these steps must be taken before the Commissioner can make any determination leading to the blacklisting of any such person or firm. Furthermore, such determination is to be made only after careful consideration of the merits of the particular case on the basis of a fair preponderance of the evidence. In view of the possible serious effect upon the business standing of any person or firm so blacklisted, the Commissioner must exercise the authority granted him by this section with extreme care.

It is understood that the power to blacklist any person or firm carries with it the power to reinstate such person or firm to the benefits of participation in titles I, II, or VIII of the National Housing Act, as amended, whenever the Commissioner is reasonably satisfied that the reason for blacklisting such person or firm no longer exists.

Loan limits.—The Housing Administrator recommended that a borrower be prevented from using multiple loans under title I to exceed the maximum limit for each particular type of loan authorized under that title. Your committee has accepted that recommendation and included it in subparagraph (v) of the new paragraph added to the end of section 2 (a) by section 101 of this bill. Section 2 presently sets a maximum limit of \$2,500 for credit advances for alteration, repair, or improvement of existing structures; \$3,000 for construction of new structures; and \$10,000 for alteration, repair, improvement or conversion of an existing structure used or to be used as an apartment house or dwelling for two or more families. Under this amendment no structure may at any one time under section 2 have outstanding against it loans in the aggregate which exceed the applicable statutory limitation: (a) in excess of \$2,500 for alteration, repair, improvement of an existing structure; (b) more than \$3,000 for construction of a new structure; (c) more than \$10,000 for the alteration, repair, improvement or conversion of an existing structure used or to be used as an apartment house or a dwelling house for two or more families.

In addition, your committee has included in subparagraph (v), mentioned above, a prohibition against the use of financial aid under section 2 with respect to new residential structures that have not been completed or occupied for at least 6 months. This amendment should serve to put a halt to the practice of using title I home-improvement loans as a device for obtaining funds to make the downpayment on a new home to be purchased by the borrower.

Your committee decided to retain the present maximum limits on any loans, advances of credit or purchases made under section 2. In the judgment of your committee there is no substantial reason for increasing these limits at this time.

Misuse of initials "FHA."—The Housing Administrator recommended that section 709 of title 18 of the United States Code be amended to make it a crime to use the letters "FHA" or any combination or variation of those letters alone or with other words or letters to convey a false impression that the name or business so using the letters has a connection with or authorization from the FHA or the Government which does not in fact exist. He further recommended that this section be amended to make it a crime to claim falsely that any repair, improvement, or alteration of any existing structure is required or recommended by FHA or the Federal Government when such claim is made to induce any one to make a contract for such repairs, alterations, or improvements. He further recommended that such section be amended to make it a crime to represent falsely by any device whatsoever that any project, business, or product has been endorsed, authorized, or approved by FHA or the Government.

All of these recommendations have been adopted by the committee and included as section 131 of this bill.

Eligible lenders.—The Housing Administrator recommended that the law be amended to require that as a condition to eligibility for a certificate of insurance under title I, an institution must be a bank, trust company, building and loan association, credit union, or other publicly certified, locally operated institution equipped to make and service title I loans or must be an institution which receives special approval by FHA on the basis of credit and experience or facilities to make and service loans, advances, or purchases under title I. Your committee included such an amendment in section 101, paragraph (2) of this bill.

Administrative changes.—As a matter of administration, the Acting Federal Housing Commissioner also proposed to strengthen and enlarge the FHA staff responsible for the administrative control and supervision of title I, including inspection and compliance duties. Your committee has already noted previously in this report that more active supervision of the title I programs is required on the part of the FHA. In particular implementation of this recommendation, your committee in section 126 of this bill has included a new section 228 in title II of the National Housing Act to authorize the Commissioner to establish not exceeding 18 positions in FHA with compensation prescribed for grade GS-16 without regard to the provisions of the civil service laws and the Classification Act of 1949, as amended, as to appointments to such positions. The section provides that these positions will be in lieu of any GS-16 positions previously allocated to FHA under section 505 of the Classification Act.

The Housing Administrator also proposed that a program of consumer education be undertaken to enlighten and warn consumers who make purchases financed under title I programs. It is hoped that this campaign will prevent the prospective consumer from being deceived. Your committee is in full accord with this proposal which requires no statutory amendment.

The Housing Administrator also proposed that by regulation each lending institution taking part in title I programs should tell the consumer in advance the actual amount of the proposed loan and the financial charges and warn him of possible abuses. He also proposed that the regulations be amended to require all salesmen participating in title I programs to certify the absence of selling abuses in such participation. Your committee is likewise in full accord with these recommendations. They require no change in the law for accomplishment.

The foregoing constitute the amendments and administrative changes recommended by the Housing Administrator. In addition thereto, your committee has made the following amendments to section 2.

Matters of regulation written into statute.—Your committee determined that it would be advisable to write into the law certain of the policies governing title I programs as set forth in the administrative policy and regulations amended to December 18, 1953. These amendments are self-explanatory and are included in subparagraphs (iii) and (iv) of the paragraph inserted at the end of section 2 (a) by section 101 of this bill. In brief, they cover the following matters:

1. They require care on the part of each lending institution in selecting dealers with whom it deals under section 2.

2. They require each lending institution to maintain a dealer's file indicating reliability, financial responsibility and ability to perform work and services. This file is required to be made available for inspection by the Commissioner upon request, and absence of a file is made a violation of this provision.

3. Each lending institution, as a condition precedent to insurance, must certify to the Commissioner upon recording a loan for insurance (a) that it has the dealer file, (b) that the borrower signed a dated credit application on a form approved by the Commission, (c) that the lender has given the borrower written notice of approval of his application, (d) that at least 6 days have elapsed after such notice before disbursement of the loan is made, and (e) that on or after completion of the work and before disbursement, the borrower and dealer have signed completion certificates on forms approved by the Commissioner. The amendment specifies certain of the items to be included in these completion certificates, all designed to prevent abuse of the programs authorized under section 2.

Mobile dwellings.—The several housing programs chosen for Federal insurance assistance to date have not included mobile dwellings. At the present time it is estimated that there are more than 750,000 mobile homes and that recent production has been running at the approximate level of 80,000 units per year. There has been in recent years a substantial increase in the use of this type of dwelling by the American populace. Mobile homes currently being produced are stated to have a life well in excess of 10 years, and at present approximately 90 percent are in fixed locations rather than being mobile.

Typical financing terms require the payment of one-third the purchase price as a downpayment, with the balance payable within 3 to 5 years; and interest rates range from 5 to 8 percent on a discount basis, equivalent to $9\frac{1}{2}$ to $15\frac{1}{2}$ percent on a simple interest basis. As is apparent, current financing terms for this type of dwelling are more severe than the terms for financing the acquisition of conventional dwellings.

Section 101 of this bill has added as a part of the title I portfolio insurance program for lending institutions authority for the insurance of loans, advances of credit, and purchases made to finance acquisition of trailer coach mobile dwellings. The restrictions placed about this program are (1) the loan limit is set at \$6,000, (2) the required downpayment is fixed at not less than 20 percent, (3) the maturity of the loan involved is assigned a maximum limit of 6 years and 32 days, (4) the loan must be secured by a first lien on the mobile dwelling, (5) the purchaser must certify that he is buying the dwelling for his own use or occupancy, and (6) the lending institution must absorb at least 25 percent of the amount of each claim for loss approved by the Commissioner.

Your committee hopes that this program may serve to encourage more favorable terms for financing the purchase of trailer coach mobile dwellings, thus adding to the total availability of modern housing in the Nation.

THE SALES HOUSING PROGRAM

The FHA insurance of 1- to 4-family homes (sec. 203) is by far the largest and most important part of the Federal housing program. Since its inception, despite a long depression, World War II, and the Korean conflict, this program has been responsible for the insurance of slightly more than \$17 billion of mortgages on almost 3 million homes. In 1953, 239,250 houses were insured under this section accounting for \$2,037,210,000 of insurance. In 1950, the biggest housing year to date, it provided the insurance for 347,000 housing units.

Over the years as a result of various amendments required to meet varying needs and circumstances, the section has become increasingly complex and confusing with varying maximum mortgage limitations, loan to value ratios and maturities depending on type structure, size of units, and geographical area.

The bill consolidates the present programs and provides a more simplified form of maximum ratios of loans to values and maximum mortgage amounts for new houses.

The maximum mortgage limits for 1- and 2-family houses would be increased to \$18,000 from the present maximum of \$16,000, which was established two decades ago, and the maximum for 3- and 4-family structures would be increased to \$24,000 and \$30,000, respectively, from the present limits of \$20,500 and \$25,000. The House bill increased the maximum amounts to \$20,000, \$27,500, \$35,000 for 1- to 4-family units, respectively.

The mortgage amounts would be limited to 95 percent of the first \$8,000 of value plus 75 percent of the value in excess of \$8,000. This would smooth out what are now abrupt changes in the downpayment required on houses selling in slightly different price ranges. For example, a \$11,000 home under the most liberal provisions of existing

law can be sold with a downpayment of \$1,550 while a house selling at a \$1,000 higher price will require a downpayment of \$2,400 or \$850 more. Under the bill the downpayment on a \$11,000 house will be \$1,150 and \$1,400 on a \$12,000 house. One important effect of this change should be that builders are less likely to crowd a single price level and instead are more apt to build to meet the consumers' real need.

The following table shows the maximum mortgage amounts provided in the bill and the current amounts for 1- and 2-family homes in relation to the FHA-appraised value.

Recommended and current schedules of maximum mortgage amounts for 1- and 2-family home mortgages insured under FHA sec. 203

FHA appraised value (per structure)	Recommended		Current					
	1- and 2-family new ¹ (all mortgagors except operative builders)		1-family, new, sec. 203 (b) (2) (D) ² (owner-occupant mortgagors)		1-family, new, sec. 203 (b) (2) (C) ³ (owner-occupant mortgagors)		1- and 2-family, new and existing, sec. 203 (b) (2) (A) ⁴ (all mortgagors except operative builders)	
	Maximum insurable mortgage ⁵	Loan-value ratio	Maximum insurable mortgage	Loan-value ratio	Maximum insurable mortgage	Loan-value ratio	Maximum insurable mortgage	Loan-value ratio
		Percent		Percent		Percent		Percent
\$4,000.....	\$3,800	95.0	\$3,800	95	\$3,800	95.0	\$3,200	80.0
\$5,000.....	4,750	95.0	4,750	95	4,750	95.0	4,000	80.0
\$6,000.....	5,700	95.0	5,700	95	5,700	95.0	4,800	80.0
\$7,000.....	6,650	95.0	6,650	95	6,650	95.0	5,600	80.0
\$8,000.....	7,600	95.0	⁶ 7,600	⁶ 95	7,350	91.9	6,400	80.0
\$9,000.....	8,350	92.8	⁷ 8,550	⁷ 95	8,050	89.4	7,200	80.0
\$10,000.....	9,100	91.0	⁸ 9,500	⁸ 95	8,750	87.5	8,000	80.0
\$11,000.....	9,850	89.5			9,450	85.9	8,800	80.0
\$12,000.....	10,600	88.3					9,600	80.0
\$13,000.....	11,350	87.3					10,400	80.0
\$14,000.....	12,100	86.4					11,200	80.0
\$15,000.....	12,850	85.7					12,000	80.0
\$16,000.....	13,600	85.0					12,800	80.0
\$17,000.....	14,350	84.4					13,600	80.0
\$18,000.....	15,100	83.9					14,400	80.0
\$19,000.....	15,850	83.4					15,200	80.0
\$20,000.....	16,600	83.0					16,000	80.0
\$21,000.....	17,350	82.6					16,000	76.2
\$22,000.....	18,000	81.8					16,000	72.7
\$23,000.....	18,000	78.3					16,000	69.6
\$24,000.....	18,000	75.0					16,000	66.7
\$25,000.....	18,000	72.0					16,000	64.0

¹ Recommended terms for 1- and 2-family new: not to exceed 95 percent of \$8,000 value and 75 percent of value in excess of \$8,000, and not to exceed a mortgage of \$18,000. In the House bill, the terms for existing housing are also the same as provided in this column, except that the loan to value ratio could be as high as 81.3 percent on a mortgage amount up to \$24,600. In the bill as reported by your committee, a mortgage on existing housing could not exceed \$18,000 nor 80 percent of value.

² Current terms for 1-family new under sec. 203 (b) (2) (D): not to exceed 95 percent of value and not to exceed a mortgage of \$6,650, plus \$950 per room for 3d and 4th bedrooms.

³ Current terms for 1-family new under sec. 203 (b) (2) (C): not to exceed 95 percent of \$7,000 value and 70 percent of value in excess of \$7,000, and not to exceed a mortgage of \$9,450.

⁴ Current terms for 1- and 2-family new and existing under sec. 203 (b) (2) (A): not to exceed 80 percent of value, and not to exceed a mortgage of \$16,000 per structure.

⁵ Per structure.

⁶ Minimum of 3 bedrooms per family unit.

⁷ Minimum of 4 bedrooms per family unit, or minimum of 3 bedrooms per family unit in geographic area where Commissioner finds cost levels so require.

⁸ Minimum of 4 bedrooms per family unit in geographic area where Commissioner finds cost levels so require.

A statutory maximum mortgage term of 30 years on new houses is provided in the bill, replacing present varying limits ranging from 20 to 30 years. On existing houses the maximum maturity would be

reduced by 1 year for each of the first 10 years of age of the dwelling. Specific mortgage terms would, of course be left to regulations to be prescribed by the Federal Housing Commissioner, but the maximum ratio of loan to value on existing housing could not exceed 80 percent. The House bill provides the same maximum maturity terms to existing dwellings as to new.

As a further protection of the purchaser of FHA insured and VA guaranteed 1- to 4-family new homes your committee included in the bill a builders certification, requiring the builder or seller to certify that the dwelling was constructed in conformity with the plans and specifications on which the FHA and VA based its valuation. The provision is more fully discussed in a later section of this report. While this affords a measure of protection to the purchaser, it does not protect him against all structural defects, poor materials, or poor workmanship. Basically the home buyer is dependent upon sound underwriting by the FHA and VA and an effective inspection and compliance program, and your committee would like to direct the attention of the FHA and VA to the importance it attaches to them. With the more liberal FHA terms and now that mortgage funds are easier to obtain, both agencies must be extra careful lest they allow these liberal credit provisions to be translated, even gradually, into higher valuations. Sound and conservative underwriting means a sound and durable Federal housing program, more home for the dollar and a more stable building and mortgage finance industry. It is the best and most fundamental protection against abuse in our federally insured and guaranteed housing programs.

In many areas, school construction does not keep pace with new homebuilding required to meet the growing population. In some cases where the need for new school facilities is urgent because of a large amount of new home construction in a particular area, interim relief could be provided if builders were permitted temporarily to rent one or more of their houses to local school boards, or other nonprofit groups for school classroom use. The bill as reported gives the FHA the discretionary authority to permit this in cases where it deems such action appropriate.

Your committee was surprised to learn that the FHA did not make its appraisals available to purchasers of a new home prior to the sale, another instance of FHA's apparent feeling of nonresponsibility toward the consumer. This bill directs the FHA Commissioner to require the seller or builder to agree to give the purchaser of any 1- or 2-family residence under sections 203, 220, and 221 this information.

LOW-COST SUBURBAN AND OUTLYING HOUSING

(Old title I, sec. 8)

This section continues the existing program now provided for under title I, section 8, of the National Housing Act providing insurance for 100 percent disaster housing loans.

It also, in effect, continues the regular section 8 program authorizing the insurance of mortgages covering single-family dwellings in suburban and small communities when the Federal Housing Commissioner finds: (1) It is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in

built-up urban areas and (2) that the project is an acceptable risk giving consideration to the need for low and moderate income housing.

It provides for increases in the maximum of an owner-occupant insurable mortgage from \$5,700 to \$6,650 and a builder-insurable mortgage from \$5,100 to \$5,950. A minimum downpayment of 5 percent of the cost of acquisition would be required.

Your committee deems it advisable to transfer this low-cost home individual insurable mortgage program to section 203 of title II of the National Housing Act, which already contains provisions for the insurance by FHA of mortgages on other low and medium cost homes. Two notable differences between the other title II programs and the title I, section 8 program are those involving property standards and risk on the project. Under section 8 it is not required that the property standards conform to many of the requirements essential to insurance of housing mortgages in built-up urban areas which are imposed under the regular section 203 programs. Also, under section 8 the mortgage is insurable if the project with respect to which it is executed is an acceptable risk. Under the regular section 203 program, to be eligible for insurance the mortgaged project must be economically sound, a more stringent requirement. Your committee expects the former section 8 program to be administered on the same general basis as in the past even though it has now been transferred to section 203, due cognizance being taken of the present amendments to the context of what was section 8.

A new subsection (i) is added to section 203 of the National Housing Act, as amended. This is intended to encourage ownership of low-cost homes by a person whose own credit may not be sufficiently attractive to a lending institution participating in the FHA insurance program but who is able to obtain a guaranty of the insured mortgage by a person or corporation having a credit standing satisfactory to the Federal Housing Commissioner. The subsection allows insurance of a mortgage given by such a person which involves a principal obligation not exceeding \$6,650 and not in excess of 95 percent of the appraised value of the property to be acquired and made subject to the mortgage. This property is to be located in an area where the Federal Housing Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas. The program should prove of especial help in rural and suburban areas and small communities.

The subsection also permits the prospective guarantor to pay all or part of the required downpayment of at least 5 percent of the estimated acquisition cost on behalf of the prospective owner and occupant of the property, under the limited conditions laid down in this subsection. These conditions require that the prospective guarantor's right of repayment of the amount he advances in payment of all or part of the downpayment shall be subordinated to the rights of the mortgagee or his assignees. They further limit the rate of interest on such repayable amount to not exceeding 4 percent per annum. They further require the due date of such repayment to be later than the final maturity date borne by the mortgage note, unless the entire mortgage debt is prepaid, in which event the due date of the downpayment repayment may be accelerated to a date following the prepayment date.

These requirements are all designed to prevent exploitation of the prospective owner and occupant and to attract the credit assistance

only of third parties having a genuine humanitarian interest in the welfare of the prospective owner and occupant.

This subsection is not intended to permit the evils of the old "company town." The owner of each home will be its owner-occupant, not the guarantor of the mortgage. The guarantor has money at stake in this program as well as the owner-occupant; and must make good the payments on the mortgage should the owner-occupant fail to make them. In the old company town, the tenant-worker was the debtor and his company-employer had no responsibility for payment of that debt. The company was his creditor, not his guarantor. The program authorized under this subsection does not place the employer in the dominant financial position enjoyed by the company-employer with relation to tenants in company towns.

BUILDERS COST CERTIFICATION

During your committee's deliberation on this bill an alleged scandal with respect to the administration and operation of certain FHA programs was made public by the administration. The World War II housing program of multifamily rental housing, section 608, along with the title I FHA home-repair and improvement program, discussed in a previous section of this report, were given prominent attention. While your committee had over the years been concerned about the possibility for abuse in the operation of this program, it had no idea of the size of so-called windfall profits that were made in a number of cases. Expert witnesses in response to interrogation by members of your committee during the years this program was operating testified that it was impossible for a builder to build a rental project at anything like 20 to 30 percent below the mortgage amount which FHA insured. In spite of such testimony your committee, nevertheless, recommended restricting amendments and cautioned the agency with respect to its administration of the program. Perhaps your committee's concern over the years has resulted in the abuses being less than they otherwise would have been, but unless the preliminary investigation your committee has thus far undertaken has exaggerated the true extent of the abuses, there were far too many.

Of course, it is only fair to point out that there were some seven thousand "608" projects and, at the present time, your committee has evidence that approximately 1,100 of these cases were examined by the Bureau of Internal Revenue, and that out of these 1,100 or so cases there were windfalls in some 252 cases. While 252 is too many and some of the windfalls indicated are unbelievable, and while further investigation may reveal more cases and other kinds of abuses in the operation of this program and other programs, your committee does not now have any evidence with respect to the other 5,900 section 608 projects, which, apparently, have not been investigated. Your committee does not wish, in accordance with our established constitutional principles and sacred traditions, to express, or does it mean to infer, any judgment on the guilt of the people involved in these cases until a much more thorough and comprehensive investigation is undertaken. Your committee at the same time wishes to acknowledge that much good was accomplished by this program in providing desperately needed rental housing for our war workers and our returning veterans. Many of the projects your committee

has seen about the country are excellent rental developments. In the absence of facts which already show that there was irregularity with respect to such projects, your committee wishes to cast no reflection upon the sponsors and operators of them. But the dishonest and unethical builders, sponsors and FHA officials must be ferreted out and prevented from ever taking similar advantage of our Government and our people. And the laws we pass with respect to these programs must prevent any similar abuses or irregularities from ever occurring again.

In the Defense Housing and Community Facilities Act of 1951 your committee, reflecting back upon the 608 program and anxious to prevent any possible windfalls in connection with new defense rental housing program, first developed and recommended to the body what has now become fairly well known as the builders' cost certification amendment. It added this amendment, in spite of considerable protest from the industry, to the defense rental housing section 908 and the military rental housing section 803. Very briefly, it provided that a builder certify the cost of the physical improvements involved in his project and in the event the certified cost was less than the mortgage amount which the FHA insured, the mortgage amount had to be reduced to the certified cost. In other words, a builder could get an insured mortgage in an amount not exceeding 100 percent of the cost of his physical improvements. The effect was that a builder only had to invest his land, time, overhead, and know-how.

Your committee in the light of the recent scandal now recommends a more restrictive cost-certificate amendment. It applies to all FHA mortgage insurance for new or rehabilitated multifamily housing (secs. 207, 213 (management type), 220, 221, 803, 903, and 908).

To prevent any proceeds of an insured mortgage loan from being used to provide excessive profits to the builder, the section would, in effect, require that the amount of the mortgage be reduced, after actual costs of the project are known, to an amount conforming to the percentage of estimated value or replacement cost which had been used in establishing the FHA commitment for the mortgage. For example, where the FHA makes a commitment before construction to insure a mortgage on a rental housing project for 80 percent of its estimated value of \$1 million, and the subsequent construction and other costs of the project actually are \$900,000, the amount of the mortgage would be reduced to 80 percent of \$900,000. This would assure that the builder could not obtain an FHA insured mortgage loan in excess of the percentage of actual costs specified by Congress in the law.

All appropriate expenditures, could be included in the actual costs which are certified by the mortgagor under this section. These would include the actual cost to the mortgagor of construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Federal Housing Commissioner, including a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner. As a guide to the Commissioner in establishing this allowance, your committee

wishes to express the view that this amount should not exceed 10 percent of the other costs of the job. The certified actual cost could also include the Federal Housing Commissioner's estimate of the fair market value of the land (prior to the construction of the improvements built as a part of the project) in the project owned by the mortgagor in fee. This means that any streets and utilities in the land prior to the construction of the project may enter into the value of the land, but if the project is built on raw and unimproved land, the land value must be on that basis and not on the basis of value when proposed improvements are completed. In case the mortgagor builds on leased land, the certified actual costs could include any amount actually paid prior to the certification for the acquisition of the leasehold, but not in excess of its fair market value.

As this section applies to mortgage insurance for the rehabilitation, as well as the new construction of multifamily housing, there are special provisions with respect to the costs which the mortgagor may include in the certification with respect to rehabilitation. In addition to the items of expense other than land referred to above, the actual cost in these cases could include certain other amounts. Thus, if the mortgagor is purchasing the property to be rehabilitated and such purchase is being financed with the proceeds of the insured mortgage, the certified actual cost could include the purchase price of such property (but not beyond its estimated fair market value). On the other hand, if the mortgagor is rehabilitating his own property on which he has an outstanding indebtedness that he must refinance from the proceeds of the mortgage, his certified cost could include the amount of that indebtedness. As it would be necessary for the mortgagor in such case to refinance 100 percent of the amount of the outstanding indebtedness, the amount of this item of cost (unlike all others included in actual cost of the project) would not be reduced to the percentage referred to above. Of course, the amount of the indebtedness so included could in no event exceed the above percentage of the estimated fair market value of the property prior to the proposed rehabilitation.

Your committee also wishes to express its opinion that no existing FHA mortgage insurance commitments should be extended for mortgages insured under the above sections and title unless the mortgagor agree that the new cost certification will be provided.

MULTIFAMILY RENTAL HOUSING

Your committee modified the regular FHA multifamily rental housing program (sec. 207 mortgage amount limited to 80 percent of estimated value) in the light of high construction costs in many of the larger cities where such projects are usually undertaken. The maximum mortgage amount is now \$2,000 per room but the total mortgage amount is limited to a \$10,000 ceiling. This ceiling is removed and mortgage amounts as high as \$2,400 per room (or \$7,500 per unit in projects with less than 4-room units) are allowed in projects of elevator type.

The builders' cost certification discussed in other sections of the report is made applicable to this section.

COOPERATIVE HOUSING

The basis for determining the mortgage amounts is changed from "estimated replacement cost" to what your committee is informed is a much more conservative method, i. e., "estimated value."

A provision would be added to permit FHA-insured cooperative housing mortgages to be as high as \$50 million in amount if the mortgagor cooperative is regulated by Federal or State law as to rent charges, and methods of operation. The section would also change, with respect to nonveteran projects the present per family or per room mortgage amount limitations for \$8,100 per family unit of \$1,800 per room, to \$2,250 per room and with a per family unit limitation of \$8,100 applicable only if number of rooms is less than 4. In addition, it would change the basis for allowing increases for veteran membership so that in all cases such increases would be made only if 50 percent of members are veterans, instead of making such increases on basis of percentage allowances for each 1 percent of veteran membership. This latter change would simplify computations, and experience has shown substantially all projects to date have had over 50 percent veteran membership. Also an increase would be authorized to the per room and per family mortgage amount limitation for elevator-type structures in both veteran and nonveteran projects. FHA would also be authorized, by regulation, to increase the dollar amount limits on mortgages covering elevator-type structures by an additional \$1,000 per room for housing projects in urban redevelopment or urban renewal areas located in an area where the Commissioner finds that cost levels require the higher mortgage amount.

The intent of the sponsors of section 213 was to encourage the provision of housing by genuine cooperatives consisting of members who banded together initially to construct housing for their own use as savings to them. Your committee recognizes that because of the special incentives given in section 213 and because the provisions of the section permitted such a result as a technical matter, operative builders have used the section as a means of gaining speculative profits which were not intended by the Congress. Your committee feels that the actions taken by it in amending section 213 as provided in the bill as reported should do much to prevent this misuse. The cost certification requirement and the change from estimated cost to value should help serve this purpose. Notwithstanding these tightening provisions, however, the FHA is instructed to administer the mortgage insurance program under that section so that, where the cooperative is in effect sponsored by a builder, such additional controls will be imposed by the FHA as it deems necessary to assure that the primary benefit to be served is reduced costs to the consumer.

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING

A new section 220 is added by the bill to the National Housing Act to assist in financing the rehabilitation of existing dwellings as well as the construction of new dwellings in connection with slum clearance and urban renewal undertakings contemplated by title III. Your committee believes this an integral part of any program that has as its objective the elimination and prevention of slums and the rehabilitation of our cities. The program was fully and unanimously endorsed by the many witnesses who discussed it before your committee.

The property assisted must be located in (1) an urban renewal area in a community which has a workable program (which has been approved by the Housing Administrator) to eliminate and prevent the spread of slums and urban blight, or (2) the area of an existing slum clearance or urban redevelopment project. The Housing Administrator must certify to the Federal Housing Commissioner that section 220 mortgage insurance assistance may be made available in the community. In addition, the governing body of the locality must have approved a redevelopment plan or urban renewal plan for the redevelopment project or urban renewal project involved. The Housing Administrator would be required to approve the respective plan and to certify to the Federal Housing Commissioner that the plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of the redevelopment or urban renewal plan. The housing property would have to meet such standards and conditions as the Federal Housing Commissioner prescribes to establish the acceptability of the property for mortgage insurance under section 220.

The mortgage insurance under the new section 220 would cover existing construction, as well as new construction, and thus include assistance for rehabilitation as well as redevelopment. The mortgage limits covering 1- to 4-family dwelling would be the same as those proposed in section 104 of this bill for section 203 mortgages. However, this new section 220 would also permit mortgage insurance covering more than 4-family dwellings (the number in excess of 4 to be specified by the Commissioner) to take care of those structures which may contain more than 4 units but less than the number which could be covered under multifamily mortgage insurance. The mortgage limits in such cases would be \$30,000 plus not to exceed \$6,000 for each additional family unit in excess of four.

Provision is also made for multifamily housing mortgage insurance with maximum mortgage limits of \$2,250 per room (or \$8,100 per family unit if the number of rooms in the project is less than four per family unit). Where a project consists of elevator-type structures, the Commissioner would be authorized to increase these dollar maximum mortgage amounts to \$2,700 per room and \$8,400 per family unit, respectively. These mortgage amounts (per room and per family unit) on elevator-type structures could, by regulation of the Federal Housing Commissioner, be increased by an additional \$1,000 per room in any geographical area where he finds that cost levels so require.

Maturities of the section 220 mortgages would be as prescribed by the Federal Housing Commissioner except that the maturities of mortgages covering sales housing (1- to 4-plus family units) would not be permitted to exceed the maximum maturity prescribed by the bill for section 203 sales housing mortgages (in no event in excess of 30 years).

RELOCATION HOUSING

A new section 221 is added to the National Housing Act which is designed to assist in financing low-cost housing for families displaced as the result of slum clearance or other governmental action. The locality must have requested that this program be made available in the community. The total number of dwelling units in properties

covered by mortgages insured under section 221 could not exceed the total number of such dwelling units which the Housing Administrator determines and certifies to be needed for the relocation of displaced families who would be eligible to obtain the benefits of the insurance under this section.

Eligible displaced families would include families which are required to move because of any form of governmental action, such as land acquisition by a public body, closing or vacating of dwellings by public officials, or the eviction of families from public housing because of their income.

Some of these displaced families would be able to find decent homes in existing or new housing in the community, but many of them, because of their low income, would not. Section 221 is designed to bring privately financed housing within the reach of at least some portion of these families by applying the FHA mortgage insurance system on the most liberal terms deemed feasible.

The maximum mortgage under section 221 would be \$7,600 per unit, or up to \$8,600 in high-cost areas. The maximum term would be 30 years (instead of 40 years in House bill) and the mortgage insured by FHA could be as high as 95 percent of value in the case of new housing or 90 percent in the case of existing housing, except that, in the case of a private nonprofit corporation, the 95-percent loan may be obtained for either new or existing housing. Your committee reduced the term to 30 years from 40 years and provided for a minimum of 5-percent downpayment on the recommendations relating to either or both of these items made by the insurance companies, mortgage bankers, the National Association of Housing officials, and others who felt that such revision would make it an underwritable risk. The increase in the monthly payments required as a result of the 10-year reduction in the maturity of the loan would be comparatively small due to the reduction in the mortgage amount by the 5-percent downpayment required. It is the hope of your committee that these changes in the mortgage terms will enable this program to stand on its own feet, the mortgages will prove to be good marketable investments and will not have to depend on any special Government-assistance program.

The properties covered by the insured mortgages under section 221 could be single-family homes newly constructed or rehabilitated for sale to eligible displaced families, or they could be projects of 10 or more units (not necessarily contiguous) rehabilitated by private nonprofit organizations for rent to such families. Mortgage financing would also be available to the operative-builder as mortgagor for single-family homes built or acquired and repaired or rehabilitated for sale in amounts not to exceed 85 percent of value, to assist in the construction or repair and rehabilitation and provide financing pending subsequent sale to a qualified owner-occupant.

To encourage private funds for section 221 projects, one of the terms of the insurance contract would provide that if the mortgage is in good standing at the end of 20 years, the mortgagee would have the option to assign the mortgage to FHA and receive in exchange debentures for the unpaid principal balance of the mortgage.

MORTGAGE INSURANCE FOR SERVICEMEN

A new section 222 would be added to the National Housing Act to authorize a new FHA insurance program for housing for servicemen in the Armed Forces of the United States and the United States Coast Guard, and their families.

Your committee was informed that many members of the active Military Establishment who have served their country during World War II and the Korean conflict are unable to qualify for home-loan guaranty benefits because they have continued in active military service and do not possess a discharge. Home-loan benefits under the Servicemen's Readjustment Act of 1944, as amended, were intended as a readjustment aid for veterans returning to civilian life and their specific extension to career service personnel would therefore appear inappropriate.

Some career personnel do, however, have a need for guaranteed home loans apart from any readjustment need. This fact and the fact that possession of a discharge entitles a veteran in civil life to a benefit denied his counterpart in active service has had a very serious adverse psychological impact upon personnel of the service far out of proportion to the actual number of individuals directly affected.

Your committee considered the transient character of military service and the substantial progress which has been made during the past few years in alleviating the military housing situation in determining whether the extension of home-loan benefits to active-duty military personnel was necessary. It was your committee's judgment, however, that these factors probably do not diminish very much the feeling of discrimination prevalent among military personnel that continued military service denies them a substantial benefit to which they would otherwise be entitled. In the American way of life, the purchase of a home is fundamental in the provision for future security. Men in the service with families are no different from their civilian counterparts in their desire to provide homes and security for their dependents. Under present price conditions and financing regulations, the required investment is beyond the capacity of the average service member. Many individuals who have chosen to remain on active duty desire to establish their eventual permanent homes while on active duty and well in advance of retirement. An individual who retires for length of service may have considerable difficulty in obtaining a 30- or 25-year mortgage. In many military areas, it is advantageous and often necessary for an individual to buy a home for one tour of duty; and to sell upon departure using the proceeds to finance a future purchase. The granting of home-loan guaranty benefits, an item of special interest to military personnel, is an additional method of bolstering morale and developing esprit to a higher level.

Before a serviceman would be entitled to the benefits of this program the Secretary of Defense (or his designee) would have to issue to him a certificate indicating that he requires housing, that he is serving on active duty in the Armed Forces of the United States, and that he has served on active duty for more than 2 years. A certificate would not be issued to any person ordered to active duty for training purposes only. The Secretary of Defense could issue more than one certificate to a serviceman only if in his judgment the additional certificate is

justified due to circumstances resulting from military assignment. A serviceman who has had the benefits of mortgage insurance assistance under this section would not be eligible for home-loan benefits under the Servicemen's Readjustment Act of 1944. Similarly, no person who has used his entitlement for home-loan benefits under that act would be eligible for the benefits of this section.

The mortgages insured under this new section 222 would be subject to the same limits on amounts as mortgages insured under the regular section 203 sales housing program except that the maximum ratio of loan to value under this new section 222 could in the discretion of the Federal Housing Commissioner, exceed the maximum prescribed in section 203, up to 95 percent of the appraised value of the property. The maximum dollar mortgage amount under this section would be \$14,250 (that is, 95 percent of \$15,000). The serviceman would be required to either occupy the property or certify that his failure to do so is the result of his military assignment.

Premiums on the insurance would not be payable by the mortgagee while the serviceman owns the home but would be paid yearly by the Secretary of Defense from the appropriations for pay and allowances of persons eligible for mortgage insurance under this section. The Secretary of Defense (or such person as designated by him) would certify to the Federal Housing Commissioner the termination of ownership of such home by a serviceman, and future premiums would be payable in the same manner as in the case of other mortgage insurance.

The Secretary of the Treasury would perform the functions otherwise given to the Secretary of Defense where the benefits applied to members of the United States Coast Guard.

EXTENSION OF MILITARY, DEFENSE HOUSING, AND COMMUNITY FACILITIES PROGRAM

Military Housing Insurance under title VIII is extended for 1 year. This provides mortgage insurance for rental housing at permanent military installations, or permanent installations of the Atomic Energy Commission.

The President is given standby authority to use title IX FHA mortgage insurance authority and the provisions in title III of the Defense Housing and Community Facilities and Services Act of 1951 for Federal aid in the provision of defense housing and community facilities and services in critical defense housing areas. Under the present law the authority for new projects under these two programs expires on June 30, 1954. Your committee believes that a need for this assistance could develop in some areas and the authority to provide such assistance should be available.

Under this section the President could designate periods after June 30, 1954, when either of these 2 programs could be used, or he could designate a specific project or projects to be assisted by either of the 2 programs.

In addition, the Housing and Home Finance Administrator would be authorized to enter into amendatory agreements after June 30, 1954, to provide additional Federal assistance with respect to defense community facilities undertaken on or before such date where he finds it necessary to do so to assure the completion of such facilities.

Such amendatory agreements could not involve the expenditure of Federal funds in excess of those available on or before June 30, 1954.

OPEN-END MORTGAGES

As a further aid in financing needed home additions or improvements, the new section 225 would authorize FHA insurance of advances to a mortgagor made pursuant to provisions in an open-end FHA-insured home mortgage. Open-end mortgages are mortgages which provide that the outstanding balance can be increased in order to advance additional loan funds to a mortgagor for improvement, alteration, or repair of the home covered by the mortgage without the necessity of executing a new mortgage. Your committee has been advised that in States where these mortgages can be used effectively, they eliminate the expenses of title search and recordings otherwise required in connection with placing a new mortgage for the additional loan funds. Also, it permits the homeowner to borrow for the improvements at the low rate of interest prescribed in the mortgage and generally for a longer term than otherwise available. This section would authorize the Federal Housing Administration to insure open-end mortgages only with respect to dwellings for four families or less. In addition, only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved and are affixed to, or become part of, the realty would be eligible for insurance. Neither could an advance be insured if the amount of the advance added to the unpaid balance of the mortgage loan would total more than the original principal obligation of the mortgage.

Under section 225 the Federal Housing Commissioner would be authorized to require the payment of charges in lieu of insurance premium for the insurance of the open-end advances. The Federal Housing Administration has advised that in administering this authority, it would perform whatever appraisal, credit analysis, and property inspections as may be necessary to assure the adequacy of the security to sustain the increased insurance liability, and that charges for use of the open-end provision will be computed to cover both processing cost and insurance risk.

Under existing provisions of the Servicemen's Readjustment Act relating to the VA home loan guaranty program, open-end mortgage provisions may be utilized for home repairs or improvements, but additional guaranty coverage of the advances made under open-end mortgages is available only to the extent that the veteran has unused guaranty entitlement available. This is due to the fact that the Veterans' Administration cannot extend guaranty coverage comparable to the proposed FHA program without a change in the existing statute, since the \$7,500 entitlement currently available to veterans under section 501 (b) of the act is restricted to loans for the purchase or construction of residential property to be occupied by the veteran as his home. Consequently, additional entitlement for supplemental loans for the alteration or improvement of the veteran's home is available only if he used less than \$4,000 of his entitlement in connection with the purchase or construction of his home. Testimony was presented to your committee to the effect that in recent years most veteran home purchasers have used at least \$4,000 of their

entitlement in connection with the original purchase of the home, and accordingly, have no entitlement available for alteration or improvement advances.

Section 902 of the bill includes provisions to correct this situation by removing the existing limitation on the use of the currently authorized \$7,500 maximum by a simple amendment to section 501 (b) of the Servicemen's Readjustment Act of 1944, as amended (thus permitting the \$7,500 maximum to apply to loans for alterations, improvements, and repairs, as well as the purchase and construction of residential property), and by removing the April 20, 1950, date limitation.

INSURANCE AUTHORIZATION

All the existing mortgage insurance authorization (except the authorization for the FHA title I home repair and improvement program) are consolidated in one general mortgage insurance. Section 121 of the bill thus simplifies the operations under present separate insurance authorizations, and permits greater flexibility in use of the authorization as between separate programs, and establish at all times the amount of the current mortgage insurance authority under all programs. The total authorization would not exceed the estimated amount of the current mortgage insurance authority under all programs. The total authorization would not exceed the estimated amount of insurance in force and commitments outstanding as of July 1, 1954, plus \$1½ billion, except that with the approval of the President such total authorization could be increased by amounts up to not to exceed \$500 million.

MUTUAL MORTGAGE INSURANCE SYSTEM

The bill would modify the mutual mortgage insurance system in order to further increase the strength of the mutual mortgage insurance fund as a protection against the contingent possibility of payment of FHA debentures by the Treasury. This system is used to carry out the section 203 insurance program for 1- to 4-family home mortgages. Fundamentally, the changes made by the bill as reported would combine the independent resources of the 192 individual active group accounts in the present system into a single reserve system consisting of a general surplus account and participating reserve account. Funds could continue to be distributed to terminating mortgagors from funds in the participating reserve account.

Under the present system, only the resources of the general reinsurance account stand between a deficit in liquidation of insurance for a single year's mortgages in a particular group account and a call upon the Treasury for redemption of debentures issued. The provisions in the bill would make all the existing resources of the mutual mortgage insurance system available for redemption of maturing debentures before a call to the Treasury would be necessary.

PROHIBITION AGAINST USE OF MULTIFAMILY HOUSING FOR HOTEL PURPOSES

The new section 513 of title V of the National Housing Act, as amended, declares that it has been the intent of the Congress since

enactment of that act that housing built with the aid of mortgages insured thereunder is to be used for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while FHA insurance on the mortgage remains outstanding. Your committee has received periodic complaints that some of the multifamily housing insured by the FHA has been used to house transients or to provide hotel services. Your committee is of the opinion that the benefits provided under the National Housing Act were designed to increase the supply of permanent residential housing, not to increase the supply of hotels or motels or similar establishments catering to nonpermanent residents.

Your committee does not believe the spirit of this intent is violated by the operation of a commercial establishment included to serve the needs of families residing in rental projects operated as permanent residential housing projects (as distinguished from those operated to provide transient accommodations) but it firmly believes that the operation of such establishments should not be conducted in such a manner as to convert the use of all or any portion of the housing units in the project from permanent, residential use to a project furnishing transient accommodations. Thus the operation of a dining room, including service to the dwellings occupied by permanent residents, would not be prohibited if it is of a type reasonably designed to accommodate the needs of families permanently residing in the project.

In order to clarify the intent of the Congress, section 513 (b) clearly states that no multifamily housing, while insured under the National Housing Act, as amended, shall be rented for a period less than 30 days or operated in such a manner as to offer any hotel services. This prohibition is made applicable to any new, existing or rehabilitated multifamily housing insured under that act, no matter which particular section of the National Housing Act, as amended, authorized the issuance of such insurance. While the term "multifamily housing" is not defined in section 513, it is understood that consistent with current regulations of the Federal Housing Administration it clearly includes all FHA-insured housing containing 12 or more units.

As to multifamily housing insured under the National Housing Act, as amended, after the effective date of this act, section 513 (c) requires the mortgagor to certify under oath that while the insurance remains outstanding, no rental of any portion of any building subject to the insured mortgage will be permitted for a period of less than 30 days and no hotel services will be offered to or provided for any tenant in such building. Section 513 (d) directs the Federal Housing Commissioner to enforce the provisions of section 513 by all appropriate means at his disposal. He is to take such action as to such housing constructed under the provisions of section 608 of the National Housing Act, as amended, and other sections dealing with multifamily housing if the FHA insurance remains in effect as to the mortgage on any such structure. He is also to enforce these provisions as to all multifamily housing constructed after the passage of this act. Section 513 (d) contains a specific provision to the effect that the enactment of this section shall not be construed in such a manner as to make a crime what was not a crime before the enactment of this section, with reference to manner of operation of multifamily housing. The purpose of this particular provision is to assure observance of the

provisions of article I, section 9 of the Constitution, prohibiting the passage of any ex post facto law.

The new section 514 of the National Housing Act provides a method according to the due process of law for investigation of alleged violations of section 513 and the halting of any such violation by appropriate administrative or judicial action.

Subsection (a) of section 514 requires that within 15 days after receipt of notice in writing that any portion of any building is rented or operated in violation of section 513 or of any other provision of the National Housing Act or of any rule or regulation lawfully issued under that act, the Federal Housing Commissioner must investigate the complaint in order to determine whether the alleged violation exists in fact. If he so finds, he is to order such violation to cease immediately.

Subsection (b) of section 514 requires that if such violation does not cease immediately in response to such an order from the Commissioner, he must within 15 days after the expiration of the original 15-day period provided in subsection (a) of section 514, forward the complaint concerning the violation to the Attorney General of the United States for prosecution of any criminal action which may be involved in such violation found by the Commissioner to exist. It is expected that the Attorney General will diligently examine the complaint and if such action is warranted commence prosecution of the alleged offender.

Within the same 15-day period allowed for referring the complaint to the Attorney General, the Commissioner shall also petition the appropriate United States district court for an order enjoining the acts or practices constituting the violation found by the Commissioner to exist, or which the Commissioner has evidence is about to occur. Upon a showing by the Commissioner that the acts or practices constituting the violation have been engaged in or are about to be engaged in, the court shall grant without bond a permanent or temporary injunction, a restraining order, or other appropriate order with or without such injunction or restraining order.

Subsection (d) of section 514 provides that if the Commissioner fails to file such a petition within the allotted period, any person may do so within 30 days following the expiration of the 15-day period granted to the Commissioner for filing such a petition. Any person taking advantage of this subsection must conduct the litigation at his sole cost or charge. This is not intended to bar his recovery of whatever costs may be awarded to him by the court in the course of the conduct of such litigation. In conducting such litigation, the person initiating it stands in the shoes of the Commissioner and is entitled to all the rights, powers, privileges, and immunities granted to the Commissioner by this section in the conduct of the litigation. Among these is the right to obtain an injunction, restraining order, or other order upon a showing that acts or practices constituting a violation of section 513 have been engaged in or are about to be engaged in.

Subsection (e) of section 514 confers upon the Federal district courts whatever jurisdiction is necessary to hear, try, and determine the matter in litigation.

The rights, powers, privileges, and immunities granted by this section are intended to be in addition to and not in substitution of any other rights, powers, privileges, or immunities possessed by the Commissioner or the person conducting the litigation authorized by this

section. In the same litigation, the petitioner may try in court and be awarded appropriate damages or equitable relief in any other case or controversy arising out of the acts or practices constituting the alleged violation forming the basis of the petition filed in accordance with this section.

TITLES II AND VI—FEDERAL NATIONAL MORTGAGE ASSOCIATION AND THE VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

The bill as reported by your committee deletes the entire title II of the bill as passed by the House (except for a minor technical provision) and substitutes a few minor amendments relating to the existing Federal National Mortgage Association.

Title II of the bill as passed by the House would recharter the FNMA with very substantial changes in its financial structure and organization, including provision for the eventual substitution of private capital for Government investment in its secondary market operations. Your committee does not believe that the testimony and facts presented to it warrant the sweeping action contained in that title. Existing public and private facilities are generally adequate for meeting the secondary market needs with respect to home loans, except in remote areas removed from financial centers. Title VI of the bill, providing for a voluntary home mortgage credit program, and the extension and expansion of the direct loan program for veterans provided for in section 902 of the bill, are directed primarily at meeting this problem in remote areas. Your committee believes that this title will generally furnish such additional legislative authority as is necessary at this time, and that this private enterprise proposal should be given an opportunity to prove its value before other new secondary market programs are undertaken. Accordingly, your committee has accepted title VI as a desirable substitute for the provisions of title II as passed by the House.

The substantive provisions of title II of the bill which were added by your committee are: (1) a 1-year extension of the authority of FNMA to make advance commitments for the purchase of mortgages insured under title VIII of the National Housing Act (which covers the mortgage insurance program for rental housing at permanent installations of the Department of Defense and the Atomic Energy Commission), and (2) authority for the FNMA to make commitments to purchase eligible mortgages on property located in Guam, not exceeding \$15 million (secs. 201 and 202 of bill).

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

Except as to special matters such as those dealt with by the above provisions inserted in title II as reported, your committee believes that the voluntary home mortgage credit program of title VI will meet the primary secondary market problem—channeling home mortgage credit to remote areas—without the expenditure of Federal funds in the purchase of mortgages. It is felt that every opportunity should be given to private enterprise in the field of secondary mortgage credit, where the potential reduction of Government investment is so great.

Title VI provides, in the opinion of your committee, a feasible means for accomplishing its objective through the voluntary coopera-

tion of private lending institutions, and would follow generally the plan proposed for this purpose on behalf of the American Life Convention and the Life Insurance Association of America. The administrative organization for carrying out the program would consist of a national committee (known as the National Voluntary Mortgage Credit Extension Committee) composed of the Housing and Home Finance Administrator as Chairman and other persons appointed by him who represent private financial institutions, builders of residential property, and real estate boards. Regional committees would also be established to assist the national committee in carrying out specific programs in their respective regions of the country. Representatives of the Federal Reserve System, the Home Loan Bank Board, and the Administrator of Veterans' Affairs would assist the national committee in an advisory capacity. The members of the committees would serve on a voluntary basis, but the Housing Administrator would provide office space and staff assistance to them.

The primary function of these committees would be to facilitate the flow of funds for residential mortgage loans into areas where there is a shortage of local capital, and to solicit and obtain the cooperation of private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles. The committees would inform the Washington and local offices of the FHA and VA concerning the results of their studies in various areas of the country and maintain liaison with State and local government housing officials in connection with their work. Each regional committee would request information from these officials regarding cases of unsatisfied demand for mortgage credit loans eligible for insurance under the National Housing Act or guarantee under the Servicemen's Readjustment Act of 1944. Each regional committee would render assistance to applicants for home loans who are unable to obtain them without such assistance. The committees would also assist local private financing institutions in locating other private financing institutions willing to repurchase insured or guaranteed mortgage loans. Through the assistance of the national committee, arrangements would be made for channeling credit from specific private financing institutions to particular areas where there is a lack of adequate credit facilities.

ADEQUACY OF EXISTING FNMA FOR STANDBY PURPOSES, WITHOUT THE PROVISIONS OF TITLE II AS PASSED BY HOUSE

With the voluntary home mortgage credit program of title VI, the existing authority of FNMA should be adequate for any future use on a standby basis, except for the special provisions in title II referred to above and a minor technical amendment in section 203 of the bill. All existing authorities of FNMA would continue without other legislation. This includes its authority to purchase, service, and sell eligible mortgages insured by FHA or guaranteed by VA. The FNMA would have authority to continue its program of mortgage sales and otherwise liquidate its assets. At the present time, the FNMA is only purchasing mortgages pursuant to commitments or agreements previously made or mortgages eligible for the limited amount of advance commitments which are specifically authorized by law, which are primarily mortgages on defense and military housing. It is the view of your committee that the FNMA should not otherwise

purchase mortgages (that is, engage in over-the-counter purchases of mortgages not eligible for advance commitments) until action is taken at a later time by the Congress with respect to FNMA operations. Your committee believes this is essential to assure that a fair trial will be given to the voluntary home mortgage credit program pursuant to title VI.

It seems clear that the existing authority of FNMA is entirely adequate for continuation on this essentially standby basis, and that the basic changes contained in title II of the bill as passed by the House would be unrealistic under the circumstances. Your committee recognizes that some features of that title would be desirable if the Congress were at this time establishing a new corporation to undertake a function not being performed by the Government. However, major FNMA changes looking toward new programs of mortgage purchasing would be inconsistent with liquidating and standby functions contemplated by your committee. Title II as passed by the House would recharter and drastically change the corporate structure and organization of FNMA. It would, for operating purposes, be divided into the following three distinct and entirely separate functions which are similar to the types of functions now authorized: (1) provision of assistance to the secondary market for FHA-insured and VA-guaranteed home mortgages, (2) direct Government assistance through advance commitments for certain types of these mortgages to encourage the construction of the more urgently needed housing, and (3) management and liquidation of the mortgages held by FNMA.

TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

GENERAL

The amendments to title I of the Housing Act of 1949 provided in the bill are designed primarily to assist more effectively local communities in taking action to meet their overall problems of eliminating, and preventing the spread of, slums and urban blight, including action to rehabilitate or improve blighted, deteriorated, or deteriorating areas. The bill would accomplish this by providing for Federal assistance for slum clearance and urban renewal which could include either (a) slum clearance and urban redevelopment projects of the type now authorized under existing law, or (b) projects involving the rehabilitation and conservation of blighted and deteriorating areas, or (c) a combination of both.

RETENTION OF PRIMARY OBJECTION

In so broadening the provisions of the existing slum clearance and urban redevelopment law, your committee is not changing in any way the primary and principal objective of this law; namely, the improvement of the housing condition of American families. Its primary and principal objective continues to be the elimination of slums and other inadequate housing and an increase in supply of good housing. Rehabilitation and conservation-type projects must, therefore, be evaluated against this basic test. If such a project clearly results in a general upgrading and improvement of the dwelling accommodations in the area, then Federal financial assistance (by permitting their inclusion as local grants-in-aid) for the installation or reconstruc-

tion of streets, playgrounds, and other public facilities needed for the improvement of the neighborhood environment contributes directly to the accomplishment of the primary objective and is fully justified as an essential part of the Federal aid authorized for the improvement of housing conditions. If such a project does not clearly result in a general upgrading and improvement of the dwelling accommodations in the area, then such Federal financial assistance for streets, playgrounds, and other public facilities amounts to Federal aid for local public works. The latter result is not intended. Your committee intends to scrutinize vigilantly the administration of this phase of the program to assure that operations under this new authorization result in substantial improvement of dwelling accommodations in the areas such as fully justifies financial assistance for the construction or reconstruction of public facilities in the neighborhood or area included in the project.

TYPES OF PROJECTS

Your committee also calls attention to the fact that the broadening of the provisions do not require that, hereafter, a project must include both clearance and redevelopment and rehabilitation and conservation. However, before any locality can obtain Federal assistance for any type of urban renewal project, it must have a workable program for dealing with the whole problem of urban slums and blight, including the rehabilitation and conservation of dwellings and neighborhoods worth saving. This was made clear in the Housing Administrator's response to interrogation by the chairman of your committee, as indicated by the following:

The CHAIRMAN. Let me ask the Administrator a few questions, then, before you proceed.

Will cities continue to have redevelopment projects of the kind now underway if the urban renewal program is established? Would any new conditions have to be met to get Federal aid if they are able to get it under the present legislation?

Mr. COLE. I covered that in part in my statement. The answer to the first question is, "Yes". The answer to the second question is that, as to projects already under contract—either contracts for advances for planning or for loans and grants—they would not have to meet any new conditions. Those contracts would be covered by the savings provisions in section 412 of the bill. As to those coming under contract after the enactment of this bill, the cities would continue to have the same type of slum clearance and redevelopment projects, but they would have to meet the new condition as to presenting a workable program.

WORKABLE PROGRAM REQUIREMENT

The bill provides that local community must present to the Housing Administrator a workable program for eliminating and preventing slums and urban blight, and the Administrator must have approved the local program before Federal aid will hereafter be made available to the community for (a) slum clearance and urban renewal under title I of the Housing Act of 1949, as amended; (b) low-rent public housing under the United States Housing Act of 1937, as amended; and (c) FHA mortgage insurance for the rehabilitation of housing or the construction of new housing under the two new FHA programs provided by the bill—the new FHA sections 220 and 221. The workable program must provide for utilizing appropriate private and public resources, and must include an official plan of action for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods.

This workable program requirement is not intended to apply a straitjacket to communities. From those cities more advanced more should be expected. From those cities just beginning this long road to removing slums and blight and to preventing it through realistic codes and aggressive enforcement, there should be full understanding of the time and effort it takes to develop and to put into effect a full-scale local attack. Full account should also be taken of varying local situations, and the different circumstances confronting the large and the smaller city. The workable program requirement seeks a bona fide and practical expression of the community's own projected program to deal with its own problems, presented in good faith and with the firm resolve to carry that program through to accomplishment. On any other basis the workable program requirement would be meaningless, and any community that defaults on its own program, through laxity or indifference, should forfeit its right to continue Federal assistance. In a program of this character, where not only the communities but also numerous third parties must depend upon the validity of the financial assistance contracts between the Federal Government and the local public agency, it is particularly important that disbursement of funds under the financial assistance contract should not be contingent upon specific demonstration of progress in carrying out the workable program. On the contrary, it should be on the basis, as clearly stated in the testimony of the Housing Administrator, of agreement upon the acceptability or nonacceptability of the program presented by the locality in good faith and with the firm resolve to carry it through to accomplishment, with the community subject to forfeiting any assistance for future projects if it substantially fails to carry out the agreed upon workable program.

STANDARDS FOR PROGRAM ELIGIBILITY

The existing provisions of title I of the Housing Act of 1949 authorize the Housing and Home Finance Administrator to make loans and grants to local communities to assist them in clearing their slums and blighted areas and in providing maximum opportunity for the redevelopment of such cleared areas by private enterprise. It is one of the most important of the several methods of assistance which the Congress has made available to carry out the national housing policy which it established in the Housing Act of 1949—"housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family."

Your committee desires to emphasize again that title I of the Housing Act of 1949 is directed not merely at the elimination and redevelopment of unsightly slums and blighted areas—its primary and principal objective is the improvement of the housing conditions of American families. It seeks the accomplishment of that basic objective in two ways—the elimination of slums and other inadequate housing, and an increase in the supply of good housing. To be eligible for financial assistance, therefore, the original provisions of title I required that a project must result either in the elimination of slum housing or in the production of good housing in a well-planned, resi-

dential neighborhood. Thus, under the provisions of existing law, financial assistance may be made available for clearing a slum area, or a blighted residential area, whether it is to be redeveloped for either residential use, or commercial or industrial use, or a combination of such uses. However, if the area is not presently predominantly residential in character, financial assistance may be made available only if the area is to be redeveloped for predominantly residential uses.

The bill as passed by the House deleted these existing provisions of law and substituted provisions which would have established as the general criteria of eligibility the achievement of "sound community objectives for the establishment and preservation of well-planned residential neighborhoods." Your committee felt that such general criteria were too vague and could be construed in such a way as to permit a major change in the basic objective of the existing law. Accordingly, your committee substituted a provision (included in sec. 311 of the bill) designed to retain essentially the same provision of existing law in this respect and thus assure that the principal and primary purpose of the existing law would be retained. The provision substituted by your committee requires that no assistance may be made available for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project. However, the aggregate of the capital grants made with respect to such projects is limited to 10 percent of the total amount of capital grants authorized by this title.

Your committee felt that some flexibility in the primary eligibility test of "predominantly residential" is needed. It is recognized that there could be some cases in which an area which is not predominantly residential in character, but which, nevertheless, contains a substantial number of slum or deteriorated dwellings and other living accommodations, might be wholly unsuitable for redevelopment for residential uses. The clearing of such an area would result in the elimination of a substantial number of slum and blighted dwellings or other living accommodations and the rehousing in adequate accommodations of the families displaced therefrom. Accordingly, the provision substituted by your committee would permit up to 10 percent of the authorized capital grants to be made available, if necessary, for projects of this type. Your committee does not intend that this flexibility should be administered so that no city could have an unbalanced proportion of projects falling within this exception.

LOCAL GOVERNING BODY APPROVAL

The bill adds to existing law a provision that no contract could be made for advances of funds to local public agencies for surveys and plans for urban renewal projects unless the governing body of the locality involved has approved the undertaking of the surveys and

plans and the submission by the local public agency of an application for the advance of funds. While existing law requires local governing body approvals of a number of items, in point of time, these approvals may not occur until after preliminary financial assistance contracts are executed. This provision of the bill assures that the approval of the local governing body of the locality concerned will be obtained before any financial assistance contracts are executed.

URBAN RENEWAL SERVICE

The Housing Administrator would be authorized to establish facilities for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of workable programs, and to provide them with technical and professional assistance for planning and developing related programs, and for the assembly, analysis, and reporting of information pertaining to such programs.

APPORTIONMENT OF COST OF PUBLIC FACILITIES

Under existing law, where a public facility primarily serves the redevelopment project area, the entire cost may be counted as a local grant-in-aid, even though the particular facility may serve other areas to some extent. Also, under existing law, where such a facility directly serves both the project area and other areas, the Administrator may provide, in computing the local grant-in-aid, for an appropriate apportionment of cost. Under existing law, there is no statutory guide (other than general guides, such as the use of the word "primarily") for determining when the cost should be apportioned. Under administrative rules which have been in effect in this respect apportionment and inclusion as a local grant-in-aid of only the apportioned cost of any such public facility was required in cases where the degree of the benefits to areas outside the project area amounted to one-third or more of the total benefits. The bill would remove this from the area of administrative regulation by making such apportionment mandatory in all cases where the degree of the benefit to areas outside the urban renewal area is estimated at 20 percent or more of the total benefits derived from the facility.

GRANTS TO LOCALITIES FOR DEVELOPING SLUM PREVENTION TECHNIQUES

The bill authorizes \$5 million grants to localities to assist them in developing, testing, and reporting on improved techniques for preventing and eliminating slums and urban blight. Grants would be limited to two-thirds of the cost of the undertakings.

LOCAL GRANTS-IN-AID

Your committee deleted the House provision which would exclude from the amount of local grants-in-aid for an urban renewal project the cost of any revenue-producing public utilities financed by service charges or special assessments. Your committee felt that this provision would result in inequities to communities, since some communities finance certain utilities entirely by assessments and others finance them only partly by assessments. Some communities charge rates covering more than the original cost of the utility in order to cover operation and maintenance, while others charge rates based

only on operation and maintenance costs. Some communities also finance utilities partly from the proceeds of revenue bonds or partly from general obligation bonds, or both.

COORDINATED ADMINISTRATION

In the opinion of your committee, this bill represents one of the most constructive efforts put forward to date to help our communities deal effectively with the entire problem of urban slums and blight. This is an extremely difficult and complicated problem.

Its solution requires effective action to demolish and clear out structures in rockbottom slum areas which economically are not worth saving, and to make the land in such cleared areas available for sound redevelopment. The bill provides for loans and grants to assist this type of undertaking.

Its solution requires effective action to rebuild and redevelop these cleared slum areas. The bill provides for special FHA insurance to assist these types of undertakings.

Its solution requires effective action for the conservation and rehabilitation of blighted areas which economically are still worth saving. The bill provides for loans and grants to assist in the provision of public facilities and other governmental actions required for this type of undertaking. The bill also provides for special FHA mortgage insurance to finance the private repair and rehabilitation work required for these types of undertakings.

Its solution requires effective action to provide adequate housing for the families who will be displaced by these various types of undertakings required to deal effectively with the entire problem of urban slums and blight. The bill provides special FHA mortgage insurance for such housing and provides a special preference for any such displaced families for admission to occupancy in low-rent public housing.

Its solution requires effective action to prevent the spread of urban slums and blight through the development and enforcement of local codes relating to housing occupancy standards. The bill provides that a community must have a workable program, including local codes and regulations relating to housing occupancy standards, for dealing with the whole problem of urban slums and blight before it is entitled to receive any of these special Federal aids, and provides for technical assistance to communities for the development of such a workable program.

While the effective solution of the entire problem of urban slums and blight thus requires a number of separately identifiable undertakings, it is a single process in which these separately identifiable, but completely interrelated, undertakings must be properly combined to achieve the accomplishment of this basic objective. This is the key to the effective solution of this important public problem, and your committee feels that this should be emphasized again and again.

The various types of undertakings authorized by the bill are essential in order to enable cities to attack effectively the entire problem of urban slums and blight. If various types of undertakings are needed—as, in this case, they clearly are—it is because they are supplementary to one another in the total process that is required for the accomplishment of this basic objective. And, if they are supplementary to one another—as, in this case, they clearly are—they must be fitted together under unified direction and responsibility. They require for effective administration a singleness of purpose and unity of direction which,

in the opinion of your committee, must be supplied by the Housing and Home Finance Administrator.

Accordingly, it is the expectation of your committee that the Administrator will firmly apply the unified direction necessary to require that each of the separately identifiable but completely inter-related undertakings authorized in the bill to help our communities deal effectively with the problem of slums and blight performs effectively its appropriate task and makes its full contribution to the total process of an effective attack upon the entire problem of urban slums and blight. Toward assuring effective unified direction, the bill provides that there may not be delegated or transferred to any official (other than a person serving as Acting Administrator) certain of the final authorities vested in the Housing Administrator, including the determinations as to whether a workable program submitted by a community meets the requirements set out in this title and as to whether the relocation program submitted by a local public agency for the rehousing of families to be displaced by an urban renewal project meets the requirements of section 105 (c) of the title. This does not mean that the actual processing, preliminary evaluation, and other administrative work cannot be done by any organizational unit of the Agency, such as the Division of Slum Clearance and Urban Redevelopment, but the final determination is reserved to the Administrator.

Further, it is the expectation of your committee that the Administrator will firmly apply this unified direction beginning with the earliest point in the total process—the filing of an application for a preliminary loan or for an advance of funds, or the initial requests and preliminary work with respect to the special FHA mortgage insurance. Your committee regards this as a matter of particular importance in avoiding the overlapping or inconsistent requirements and duplication of effort which otherwise might result from vesting these separately identifiable but interrelated functions in different operating units in the Agency. It also affords a practicable means whereby the Administrator may assure that, during the course of such preliminary project survey and planning work, the community concerned will also be proceeding with the necessary actions to permit it to meet the requirements as to presenting a workable program for dealing with the whole problem of urban slums and blight before any loans (other than preliminary loans) or grants or contributions or special FHA mortgage insurance are made available for slum clearance and urban renewal activities in that community.

TITLE IV—LOW-RENT PUBLIC HOUSING

President Eisenhower in his message to Congress on housing requested that—

we should continue at a reasonable level the public housing program authorized by the Housing Act of 1949.

The President's Advisory Committee on Housing in its recommendation on this subject stated:

To meet the continuing housing needs of low-income families, and pending demonstrated progress of other programs recommended by the committee designed to stimulate through Federal Housing Administration mortgage insurance the private production of housing for low-income families and the rehabilitation of obsolete structures in decaying neighborhoods, the committee recommends

a continuation of the public housing program as contained in the Housing Act of 1949, with certain amendments summarized below (substantially provided for in bill in accordance with administration recommendation and discussed below). The committee believes that determinations as to the size of the program and the methods of financing it are responsibilities of the administration and the Congress. The committee is unanimous in its belief in the objective of a more effective operation of the private housing market so as to steadily lessen the need for direct subsidies.

While the President specifically suggested that the Congress authorize during the next 4 years 140,000 units to be built in annual increments of 35,000 units, a majority of your committee agreed with a number of witnesses who appeared before your committee and a number of cities and other community and civic organizations who petitioned your committee and the Congress that the original provisions of the Housing Act of 1949, providing for a public-housing program of 810,000 units over the life of the program, be made effective. The amendment which your committee incorporated in the bill repeals two previous legislative amendments to the Independent Offices Appropriation Acts restricting the number of public-housing starts. Your committee is strongly of the opinion that determinations of this nature are within the jurisdiction of the legislative committee and have acted in accordance with that responsibility.

Of the total of 810,000 units authorized by the Housing Act of 1949, 192,633 will have been authorized for construction by June 30, 1954, leaving a balance of 617,367. Under the bill, these remaining 617,367 could be placed under construction in future years, with the President controlling, through the budget process, the number of these units to be placed under construction in any fiscal year, subject, of course, to the limitation contained in the Housing Act of 1949 that in no event shall the commencement of the construction of more than 200,000 units be permitted in any fiscal year.

In order that public housing may be of greater help to urban renewal programs through the provision of housing for displaced families of low income, preference in admission should be granted to all such families. At present, first preference in admission is limited to families displaced only by low-rent housing projects or by public slum clearance and redevelopment projects. The bill would extend the preference to families who are to be displaced through other public actions, thus permitting public housing to facilitate all types of public undertakings involved in the total process of urban renewal. Also in order to permit proper coordination of relocation activities, the bill would permit local housing authorities to grant special preference as to any of the projects or actions entitled to the general preferences. Veterans would continue to have a first preference within all preference groups.

The bill also contains provisions to assure that the payments in lieu of taxes which local governments expect from their low-rent projects will be made on a contractual rather than on a voluntary basis. These payments in lieu of taxes will, with certain exceptions, be equal to 10 percent of the shelter rents charged in the various low-rent projects.

A further change is designed to make public-housing projects self-liquidating to the maximum possible extent. The bill provides that, as soon as the capital cost of a project has been repaid, future net revenues of the project would be used to repay to the Federal Government and to local governments the contributions made by them to the project during its earlier life.

An amendment was included in the bill requiring that all tenants of low-rent public housing shall be citizens of the United States, or persons who have made application for citizenship, except for families of any serviceman or veteran. Your committee inserted this in lieu of the House provision preventing the extension of the benefits of the whole Federal housing program to those who are members of a subversive organization. This was in accordance with the recommendation of the administration that it would impose a heavy administrative burden and expense far in excess of the results which can be expected. Your committee, accepting this fact, believes that, while no expense should be spared in eliminating and reducing the threat to our system of government which the subversive organizations present, whatever money and effort are spent to root these groups and their influence from our national life should be used in the most efficient and effective manner possible.

TITLE V—HOME LOAN BANK BOARD

Under the broad statutory powers, the provisions for the appointment of conservators and receivers of Federal savings and loan associations have always been incorporated in the regulations of the Home Loan Bank Board for the Federal savings and loan system. Title VI of the bill would enact statutory provisions on this matter which would give the Board the authority needed to protect the welfare of Federal associations and their members, and at the same time provide orderly procedures for the exercise of the supervisory powers of the Board.

The Board presently has no means, except through the appointment of a conservator or receiver, to enforce the laws and regulations under which Federal savings and loan associations operate. The bill would provide a method for the enforcement of law and regulations without the necessity of the appointment of a conservator or receiver, and would also establish standards and procedures for the appointment of conservators and receivers.

The revised subsection would provide a means by administrative and court proceedings whereby the Board could enforce compliance with law and regulations by Federal savings and loan associations in cases where the Board felt that the appointment of a conservator or receiver was not necessary or desirable. Any association charged with the violation of any regulation or of law would have 30 days after receipt of a formal resolution setting out the violations within which to correct the alleged violations. If there is no compliance during this period provision is made for a hearing on 20 days' notice to consider the alleged violation. After hearing and adjudication, an appeal would lie for review of the hearings by a court. The review of the court would be upon the weight of the evidence. The hearings and court proceedings could be in the Federal judicial district in which the association is located.

The bill would also provide standards and procedures for the appointment by the Board of a conservator or receiver, and would give the Board exclusive jurisdiction to make such an appointment. The grounds for such appointment would be: (i) Insolvency; (ii) violation of law or regulations; (iii) concealment of books, records, or assets; and (iv) unsafe and unsound operation.

No conservator or receiver could be appointed except pursuant to a formal resolution stating the grounds for the appointment and until an opportunity for an administrative hearing is afforded to the association. If, however, any of the grounds exist for the appointment of a conservator or receiver and the Board determines an emergency exists, it could appoint a supervisory representative without notice to take charge until the appointment of a conservator or receiver.

In accordance with our request to the various agencies of the HHFA to submit any recommendations for further strengthening of their statutes as a means of preventing any possible abuses, your committee added a provision to the bill extending authority to the Federal Savings and Loan Insurance Corporation to terminate the insured status of an institution continuing unsafe or unsound practices in conducting its business. The FDIC has such authority and the amendment was also suggested by the General Accounting Office.

The bill also increases the maximum amount of an insured loan in which a Federal savings and loan association could invest, subject to its 15 percent limitation from \$1,500 to \$2,500. This simply permits such association to make any unsecured loan up to same amount as can be made under the FHA title I program for the same type of loan.

TITLE VII. URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

URBAN PLANNING

This section of the bill recognizes the importance of extending Federal assistance to meet the planning needs of the smaller communities and of metropolitan and regional areas. It authorizes the Housing and Home Finance Administrator to provide planning grants, up to 50 percent of the estimated cost, to State, metropolitan, and regional area planning agencies for metropolitan or regional area planning, and to State planning bodies for the purpose of assisting municipalities under 25,000 in urban planning by providing professional and technical planning services to them. Five million dollars would be authorized to be appropriated for the grants, and appropriations would remain available until expended.

RESERVE OF PLANNED PUBLIC WORKS

This section provides for the resumption of Federal aid to assist in the advance planning of State and local non-Federal public works. The Housing and Home Finance Administrator is empowered to make advances to the States, their agencies, and political subdivisions for the planning of public works (other than housing) which conform to an overall State, local, or regional plan approved by a competent State, local, or regional authority. Any such advance becomes repayable in full, without interest, if and when the construction of the public works contemplated by the advance was undertaken or started. However, if payment is not made promptly when due, the unpaid amount of the advance would bear interest at the rate of 4 percent per annum from the date the Federal Government made demand for repayment.

The purpose of this provision is to encourage the States and other non-Federal public agencies to maintain a continuing and adequate

reserve of planned public works (exclusive of housing) the construction of which can be quickly commenced when the economic situation may make such action desirable.

Authority is included to appropriate not to exceed \$10 million to effectuate the purposes of the section. Amounts so appropriated would remain available until expended. The authority to make advances would expire July 1, 1957.

TITLE VIII—SMOKE ELIMINATION AND AIR-POLLUTION PREVENTION

The Federal Government has done a great deal and has spent considerable sums of money in trying to clear our slums and encourage better neighborhoods and better living in our cities. Your committee has helped develop this program and has authorized an expansion and acceleration of it by several provisions in this bill.

But up to now no attempt has been made by the Federal Government to reduce or prevent one of the important contributory causes of our slums and blighted areas—smoke and air pollution. A few isolated attempts have been made by a few widely scattered cities to do something about it, but representatives from these cities have testified that no one city or few cities alone can hope even to scratch the surface. It is a problem that requires a coordinated action, which only the Federal Government can stimulate and encourage.

Redevelopment, new houses, rehabilitation, code enforcement—no matter what the city or Government may do, count for little—if the air in the neighborhood remains saturated with smoke or other dust or chemicals.

With this in mind your chairman introduced an amendment to this bill mainly to explore the problem and the legislative remedies that might lead to its solution. In 3 days of hearings after listening to the country's outstanding experts on the subject, from mayors and other municipal smoke and air-pollution prevention officials, the American Municipal Association, the United Conference of Mayors and others—all of whom, without exception, endorsed the bill, your committee was satisfied that the amendment, with the deletion of the accelerated amortization provision discussed below, was a good first step toward eventually eliminating this problem.

The provision on accelerated amortization for tax purposes for a period of 5 years on devices, structures, machinery, or equipment for prevention or elimination of air pollution, was not included because your committee recognizes that this subject is not within its jurisdiction. It has transmitted copies of the hearings on this subject to the Senate Finance Committee and the House Ways and Means Committee, and in a letter from your chairman has requested favorable consideration of this provision in any future tax legislation it may consider.

The bill provides for a \$5 million research program and a \$50 million loan program.

RESEARCH

The Secretary of Health, Education, and Welfare would undertake and conduct a program of technical research and studies concerned with (a) the causes of air pollution and excessive smoke; (b) devices, structures, machinery, equipment, and methods (including methods of

selecting and using fuels) for the prevention or elimination of excessive smoke and air pollution; and (c) guidance and assistance to local communities in smoke abatement and air pollution prevention and control. Up to \$5 million would be authorized to be appropriated to carry out the research program.

The Secretary would also be authorized to make contracts with any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization for the research and studies authorized by this section. Other general provisions necessary for the conduct of the research program would also be enacted by this section and the Secretary would be directed to disseminate the results of the research and studies in such form as may be most useful to industry and to the general public.

LOANS

The Housing and Home Finance Administrator is authorized to provide a program of Federal loans not to exceed \$50 million outstanding at any one time, in cooperation with private lending institutions, to business enterprises to aid them in financing the purchase, installation, construction, reconstruction or remodeling of any smoke abatement or air pollution prevention device, structure, machinery, or equipment used or to be used in connection with the business activities of the borrower.

A loan would not be made by the Housing and Home Finance Administrator unless he determines that the purpose for which the loan is to be used would (1) substantially reduce the amount of smoke or air pollution or contamination in the community in which the device, structure, machinery, or equipment is located or to be located; or (2) in conjunction with other proposed action in the community, substantially reduce the amount of such smoke pollution or contamination.

Also, the loan would not be made unless the borrower is unable to obtain such a loan from private sources on reasonable terms. Further, the section would provide that loans made may be made subject to the condition that, if at any time the business enterprise can obtain funds from other sources at interest rates as low as or lower than provided in the loan contract, it can do so with the consent of the Housing and Home Finance Administrator without waiving any rights to loan funds under the contract for the remainder of the life of the contract, and the borrower may pledge the loan contract as security for the repayment of the loan obtained from other sources. When used, this is in the nature of an insurance operation. It makes unnecessary the actual use of Federal funds. It has been used successfully in slum-clearance programs.

The loans would be made in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise. The loans made would be reasonably secured, and would be repaid within such period, not exceeding 20 years, as the Housing and Home Finance Administrator may determine. They would bear interest at a rate of not less than 1 percent plus the base annual rate specified by the Secretary of the Treasury as applicable to the 6-month period during which the contract for the loans is made.

TITLE IX. MISCELLANEOUS PROVISIONS

BUILDERS CERTIFICATION

Section 901 requires the builder or seller of a single-, 2-, 3-, or 4-family residence, which has a mortgage insured or guaranteed by the FHA or VA, to certify that the dwelling was constructed in conformity with the plans and specifications (including any amendments) on which the FHA or VA based its valuation. The FHA or VA must deliver to the person making the certification its written approval of any amendment to the plans and specifications and also file a copy of the approval with the plans and specifications. The certification applies only when the purchaser notifies the person making the certification that there has been nonconformity to the plans and specifications within 1 year from the date of conveyance of title or initial occupancy, whichever occurs first. The FHA and VA are required to have copies of the plans and specifications (including the written approval of amendments) on file in their appropriate local offices for inspection and copying by the person making the certification or by the purchaser.

Your committee adopted substantially the provisions contained in the House bill with the following amendments:

(1) The language of the House bill requiring a "warranty" was changed to a "certification" in order to avoid any possibility of misleading prospective purchasers as to the protection extended by this section. Your committee felt that the word "warranty" carried with it the connotation of a blanket guaranty against all structural defects, poor materials, and poor workmanship. The word "certification" more clearly indicates that the purchaser is only safeguarded against nonconformity with the plans and specifications.

(2) The House bill used the phrase "substantial conformity," and this has been changed by deleting the word "substantial." Your committee believes that the term "substantial conformity" would be construed too loosely by the courts and would not be given the interpretation intended. The use of the word "conformity" would enable the courts to interpret these building contracts under the "Substantial Performance Doctrine," which has been applied in many contract cases in the past.

(3) The House bill limited the certification to single- and two-family residences. This has been extended to include, in addition, 3- and 4-family residences, and thus the certification will be required for all sale housing under the FHA and VA programs.

The need for this type of provision to protect purchasers grew out of the investigations conducted by the Rains subcommittee of the House Banking and Currency Committee and the Teague Select Committee on Loan Guaranty Programs. These investigations revealed that many homes were not built in conformity with the plans and specifications filed with the FHA and VA, and in many cases, the building contracts were so worded as to deny the purchaser any legal right to require compliance with such plans and specifications. The principle adopted in this section has also been endorsed by a number of witnesses who testified before your committee.

Your committee believes that every builder should be willing to comply with this very basic requirement and that the requirement

will impose no severe hardship on the responsible builder. The FHA and VA will have the administrative responsibility of carrying out effectively the certification requirement and of preventing any attempts to circumvent the protection afforded to the purchaser. It should be noted, as was discussed earlier in the report, that the requirement of the certification is only supplemental to the compliance inspection systems of the FHA and VA, which are the primary means for insuring the construction of sound homes.

CONTINUATION OF THE VETERANS' DIRECT HOME LOAN PROGRAM

In addition to the open-end mortgage provision in connection with VA guaranteed home loans, discussed earlier in the report, your committee (at sec. 902 of bill), extended the veterans' direct home loan program for another year, until June 30, 1955. It doubled the size of the program by increasing the quarterly authorization from \$25 million to \$50 million.

As a means of encouraging a turnover in the veteran direct loan portfolio, an amendment to the act was provided which would permit the Veterans' Administration to sell these loans to "any person or entity" approved for such purpose by the Administrator, rather than as at present to "any private lending institution evidencing ability to service loans." Thus, charity and pension funds, and other groups who now are unable to purchase such loans would be permitted to do so.

LOANS TO PUBLIC AGENCIES

Section 903 (a) of the bill amends section 108 of the Reconstruction Finance Corporation Liquidation Act in four primary respects.

1. It designates the Housing and Home Finance Administrator to handle the public agency loan program instead of leaving with the President the power to designate an officer or agency of the Federal Government other than the RFC to handle the program.

This authority was vested in the President upon passage of the Reconstruction Finance Corporation Liquidation Act on July 30, 1953. Since that date the President has not chosen to designate any Federal officer or agency to administer the public agency loan program. Your committee is of the opinion that such a designation should be made in order to expedite the carrying out of this program as authorized by the Congress. The Housing and Home Finance Administrator presently has on his staff employees familiar with the problems of financing community facilities sponsored by States and other political subdivisions or public bodies. Your committee, therefore, has included in this bill a provision to authorize the Housing and Home Finance Administrator to handle the public agency loan program, in the opinion that this course of action will enable the program to be implemented immediately and conducted by Federal employees familiar with the problems involved.

2. The amount of the revolving fund available for the loan program is increased to \$50 million from \$25 million. Since July 30, 1953, the unfilled needs of communities for this type of Federal loan have increased, especially since the program has not been operative in the meantime.

3. The bill appropriates \$50 million to a revolving fund in the Treasury of the United States so that HHFA may have funds with which to carry out expeditiously this long-delayed program.

4. The expiration date of the program is changed to June 30, 1957 from June 30, 1955. An added 6 months is allowed for liquidation. As previously noted, although authorized on July 30, 1953, this program has necessarily remained inactive for the more than 10 months which have elapsed since that date. Its expiration date is therefore altered by this section to a date in the future sufficient to allow orderly processing of the many loan applications expected under the program.

Under section 108 of the Reconstruction Finance Corporation Liquidation Act, the Congress authorized what in effect was a continuation of the public agency loan program formerly handled by the RFC. To aid in financing projects under Federal, State or municipal law, loans may be made to or securities and obligations purchased from public bodies. These include States, municipalities and political subdivisions of States; public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States; and public corporations, boards and commissions. Proceeds to pay ordinary governmental or nonprofit operating expenses cannot be obtained from this program. Proceeds must be used to finance specific public projects. No aid can be obtained under the program unless it is not otherwise available on reasonable terms. All purchases and loans are to be of sound value and so secured as reasonably to assure retirement or repayment. Loans may be made directly or in cooperation with banks or other lending institutions through immediate or deferred participation agreements. Forty years is the maximum maturity limit for loans made or securities or obligations purchased.

The program is to be financed by means of a \$50 million revolving fund created in the United States Treasury. Interest is to be paid into the Treasury for the use of money from the fund at the current average rate for United States obligations of comparable maturities.

In executing the program the Housing and Home Finance Administrator has the same powers as those granted to the Small Business Administration and its Administrator under the Small Business Act of 1953 (67 Stat. 232). These include power to hire employees under the civil service and classification laws, and experts or consultants outside these laws for not more than 6 months, power to use the services of other employees of the Federal Government, power to sue and be sued, power to handle and dispose of personal property assigned or held in connection with payment of loans and real property acquired in that connection, power to collect or compromise loans or claims against third parties assigned in connection with loans, and power to make rules and regulations.

SUCCESSION OF RFC

Subsections (b) through (e) of section 903 of the bill change the expiration of the succession of the Reconstruction Finance Corporation from June 30, 1954, to the date upon which the Corporation is dissolved. The decision as to when the RFC will be dissolved remains with the Secretary of the Treasury. He is to reach such a decision when he finds that liquidation of the RFC will no longer be of ad-

vantage to the United States and that all legal obligations of RFC have been provided for.

Your committee is of the opinion a change in the expiration date of the succession of the RFC is necessary for the following reasons. Until the enactment on July 30, 1953, of the Reconstruction Finance Corporation Liquidation Act, the succession of the Corporation was to terminate on June 30, 1956. By section 102 of that act, the date of termination of succession was advanced to June 30, 1954. This 2-year advance in the termination of succession of RFC has made it impracticable to conclude outstanding litigation in which RFC is involved. Unless the law is changed, it will be necessary to transfer the conduct of such litigation to the Secretary of the Treasury. In turn, the Department of Justice would handle the litigation for the Secretary of the Treasury. Such a transfer would cause delay in the conclusion of the litigation because of the period required for new attorneys to become familiar with the varied and complex problems frequently involved in such litigation. This in turn would probably result in additional expense to the United States.

Adoption of the provisions of subsections (b) to (e) inclusive will permit the RFC to continue to handle litigation on behalf of the Corporation until such time as the Corporation is dissolved.

FARM HOUSING

The bill provides in section 911 authorization for continuing through fiscal year 1955 the farm-housing assistance authorized in title V of the Housing Act of 1949 (Public Law 171, 81st Cong.).

Title V of that act is administered by the Farmers' Home Administration of the Department of Agriculture and authorized the Secretary of that Department to extend financial assistance in the form of loans and grants to farm owners to enable them to construct, improve, or repair farm housing.

1. Loans of up to 33 years' maturity which bear 4-percent interest may be made to farmers having adequate farms who are nevertheless unable to obtain private credit on terms which they can reasonably fulfill.

2. Similar loans, supplemented by modest contributions during a 5-year period are also authorized where the farmer is unable to undertake to repay the loan in full. This form of aid is authorized only if the farm is potentially adequate—that is, capable of being improved to a point where it is self-sustaining—and if the necessary improvement program is actually undertaken.

3. Modest loans and grants are authorized to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants.

The authority granted by the present law to obtain loan funds from the Treasury was limited to \$25 million on and after July 1, 1949, an additional \$50 million on and after July 1, 1950, and additional \$75 million on and after July 1, 1951, an additional \$100 million on or after July 1, 1953. The bill provides authorization for an additional \$100 million on or after July 1, 1954.

Annual contribution commitments for housing on *potentially adequate farms* were authorized to be entered into on and after July 1,

1949, in sums aggregating not more than \$500,000 per year (for 5 years) and additional commitments were authorized on and after July 1 of each of the years 1950 to 1953, respectively, which would require additional contributions of up to \$1 million, \$1.5 million, \$2 million, and \$2 million per annum, respectively. The bill provides a similar additional authorization of \$2 million on and after July 1, 1954.

Appropriations were also authorized for the loans and grants for *improvements and repairs*. Appropriations of \$2 million were authorized on and after July 1, 1949, and further amounts of \$5 million, \$8 million, \$10 million, and \$10 million on July 1 of each of the years 1950 to 1953, respectively. The bill provides an additional authorization of \$10 million on or after July 1, 1954.

HOUSING DISPOSITION AND OTHER AMENDMENTS

Section 904.—Authorizes the Housing and Home Finance Administrator to acquire and purchase certain lands in which he holds a leasehold in order to assist him to dispose of Lanham Act housing in Richmond, Calif.

This section would also, in certain unusual types of situations, permit the waiver of the requirements in the Lanham Act for veterans' preference in the purchase of housing which is being disposed of. Your committee has given this provision careful consideration since it has no desire or intention to dilute or weaken the general policy of veterans' preferences in housing. It has been found, however, that the types of situations which would be covered by this provision are such that following the letter of the law requirements of the Lanham Act in extending veterans' preference in the disposal of the housing would not really accomplish the real intent and purpose of the veterans' preference provisions.

Section 905.—Provides for the disposition of housing under the Defense Housing Act of 1951.

Section 906.—Authorizes the head of each constituent agency of the Housing and Home Finance Agency to set up their own advisory committee, which power only the Housing and Home Finance Agency now possesses.

Section 907.—Authorizes the payment by a Federal agency to a local educational agency, fire insurance collected on a school facility after it had become eligible for transfer to the local educational agency but before the transfer had been completed.

Section 908.—Authorizes the Housing and Home Finance Administrator to sell to the University of California, at a fair market value, two projects known as Congress Crest Homes in Riverside, Calif.

Section 909.—Authorizes the Housing and Home Finance Administrator to sell at fair market value to the Wethersfield Housing Authority two war-housing projects, which would be used for moderate-rental housing.

Section 910.—Provides that all housing functions and programs of the Federal Government shall be carried out, consistent with the requirements of the functions and programs, in a manner that will facilitate progress in the reduction of vulnerability of congested urban areas to enemy attack.

Section 912.—Repeals section 504 of the Housing Act of 1950, relating to the control of charges and fees imposed by builders and lenders in connection with the FHA and VA home loans.

Section 913 of the bill revises section 3491 of the Revised Statutes, as amended, in two respects: (1) it removes from the statute the requirement that the information on which the suit is based is not in the possession of the Federal Government at the time the suit is instituted, and (2) it provides that in those cases where the action is instituted by a private person and later taken over by the Federal Government, an award to the private person up to the extent of 10 percent of the proceeds of the suit may be made in the discretion of the court "for the collection of any forfeiture and damages." The quoted language is substituted for the criterion contained in the statute as it now reads that the award up to 10 percent may be made "for disclosure of the information or evidence not in the possession of the United States when such suit was brought."

The present statute grants a private person the right to bring suit at his sole cost and charge in the name of the United States under certain limited circumstances prescribed in the statute.

Among these are included the situation where any civilian presents or causes to be presented for payment or approval to any United States employee any claim against the Federal Government knowing it to be false, fictitious, or fraudulent. It also includes a situation where in order to obtain payment or approval of such claim, any person makes, uses, or causes to be made or used any false bill, receipt, voucher, roll, account, claim, certificate, affidavit or deposition knowing the same to contain any fraudulent or fictitious statement or entry. It also includes the situation where any person enters into any agreement, combination, or conspiracy to defraud the Federal Government by obtaining or aiding to obtain the payment or allowance of any false and fraudulent claim. The statute includes certain other situations involving persons in the military service of the United States and military property belonging to the United States. The statute permits the recovery of \$2,000 forfeiture and double the amount of damages which the Federal Government may have sustained by reason of such acts, together with the costs of suit.

It also allows any person for himself and the Government, in the name of the United States, to bring such suit. If he does so, notice is given to the United States district attorney for the appropriate district, and the Attorney General is given a copy of the complaint and a disclosure in writing of substantially all evidence and information in the person's possession material to the suit. The Government has 60 days after such notice to take over the conduct of the litigation. But if it fails to carry on the suit within 6 months after its appearance in the case, the suit may be carried on by the private person who first brought it.

If the suit is carried on by the United States, the court may award the person who first brought it not more than 10 percent of the proceeds of the suit as compensation for disclosure of information or evidence not in possession of the Government when the suit was brought.

If the suit is not carried on by the United States, the court may award the person who brought it not in excess of 25 percent of the proceeds of the suit as compensation for collection of the forfeiture and damages. Such person is also entitled to receive reasonable expenses and court costs awarded against the defendant, but is liable

for all costs he himself incurs and has no claim against the United States for recovery of such costs.

Title 31, United States Code, section 235, requires any such suit to be brought within 6 years after the commission of the act because of which the suit is brought.

Your committee is of the opinion that the proposed change in the language of the statute will assure better enforcement of the statute. If the Government has in its possession information constituting a valid basis for such a suit and for any reason fails to institute the appropriate action in court, the change made in the statute by section 913 of the bill will empower a private citizen to institute such action on behalf of the Government.

The statute contains certain built-in protection against frivolous litigation by private persons. First, it requires that the litigation be carried on at the sole cost and charge of the person instituting the suit. Second, it leaves the choice with the Government to take over the conduct of the suit from the private person if the Government so desires, and whether or not the person instituting the suit wishes it to do so. In general, your committee is of the opinion that the amendments made by section 913 of the bill will deter attempts to defraud the Government by the means proscribed by the statute.

Sections 914 and 915.—Act controlling and separability provisions.

SECTION BY SECTION ANALYSIS

AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

Section 101

This amends section 2 (a) of the National Housing Act, as amended, dealing with portfolio insurance of small home improvement, construction, and conversion loans.

Paragraph (1) provides that after the effective date of the Housing Act of 1954, the Federal Housing Commissioner can pay not in excess of 80 percent of each approved claim for loss.

Paragraph (2) places several additional restrictions on operation of section 2 programs after the effective date of the Housing Act of 1954.

Subparagraph (i) prohibits the Federal Housing Commissioner from making insurance contracts under section 2 except with lending institutions subject to Government supervision or approved by the Federal Housing Commissioner on the basis of the institution's credit and experience or facilities to make and service loans, advances, or purchases.

Subparagraph (ii) restricts the eligibility of items for insurance under section 2 to those which substantially protect or improve the basic livability or utility of property, and directs the Commissioner periodically to declare ineligible for insurance any item which he determines does not meet this requirement. It also empowers the Commissioner to declare ineligible for insurance any item he determines is especially subject to selling abuses.

Subparagraph (iii) bars participation by any dealer in the section 2 programs unless he meets the requirements for approval laid down in this subsection. Each lending institution is directed to use due care in selecting dealers with whom it cooperates under the programs, and is required to maintain a dealer file containing a signed application by

the dealer for approval and a signed approval of the dealer by the lending institution. Such approval is to be supported by information in the file establishing the dealer's reliability, financial responsibility, workmanship ability, and equipment to extend services to the borrower. If such a file is not kept in the lending institution available for inspection by the Commissioner, its mere absence constitutes a violation of this provision.

Subparagraph (iv) requires that as a condition precedent to insurance under section 2, each lending institution must make a certificate to the Commissioner at the time it records each loan with him for insurance. This certificate must state (a) that the lender has the dealer's file; (b) that the borrower has signed a Commissioner-approved form of credit application; (c) that the lending institution has given the borrower written notice of approval of such application; (d) that at least 6 days have elapsed between the giving of such notice and the date of disbursement of the loan; and (e) that completion certificates on a form approved by the Commissioner have been obtained from both the borrower and the dealer. The borrower's completion certificate must state his satisfaction with the materials furnished and work performed and state that no cash payment or rebate has been given or promised to the borrower and that the loan proceeds will be entirely applied for the payment of materials and work for which the loan was made. The dealer's completion certificate must state that the materials and work for which the loan was made constitute the entire consideration for the loan, that a copy of the contract or sales agreement has been delivered to the borrower and the lending institution, containing the whole agreement with the borrower, that the borrower has been given or promised no cash payment or rebate, nor commission on future sales, that the materials and work are satisfactory, that the borrower signed his completion certificate after completion of the job, that the signatures on the borrower's and dealer's completion certificates and the note are genuine, that all bills for labor or material have been or will be paid and that if any of these representations on the dealer's certificate are incorrect the dealer agrees to repurchase the note evidencing the loan indebtedness.

Subparagraph (v) directs the Commissioner to avoid the use of financial assistance under section 2 with reference to homes not completed and occupied for at least 6 months or which would, as to a particular structure, exceed the dollar limit for the particular type of loan involved under section 2.

The last paragraph of section 2 (a) empowers the Commissioner to insure lending institutions against losses (to the extent of not exceeding 75 percent of each loss) as a result of loans, advances of credit, and purchases made by them after the effective date of the Housing Act of 1954, in order to finance the acquisition of trailer coach mobile dwellings. The following restrictions are placed on the program: (1) the loan cannot exceed \$6,000; (2) the borrower must have made at least a 20 percent downpayment in cash and certify that he is making the purchase for his own use or occupancy; (3) the loan must mature in not more than 6 years, 32 days; and (4) the loan must be secured by a first lien on the mobile dwelling.

Section 102

This amends section 2 (f) of the National Housing Act, as amended, by terminating the title I claims account as of June 30, 1954. Thereafter a new account will be established pursuant to subsection 2 (f) in which shall be placed the remaining assets of the title I claims account being terminated. Account moneys not needed for current operations may be invested in obligations guaranteed as to principal and interest by the United States, or in United States obligations.

Section 103

Section 8 of the National Housing Act, as amended, is further amended to provide that no mortgage shall be insured thereunder after the effective date of the Housing Act of 1954, except pursuant to an insurance commitment issued on or before that date.

AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

Section 104. Section 203 sales housing—Maximum mortgage amounts—Downpayments

This section would amend section 203 of the National Housing Act which provides for the major mortgage insurance program of the FHA with respect to sales housing. Section 203 authorizes the insurance by the FHA of mortgage loans made by approved lending institutions for the construction, purchase, and refinancing of 1- to 4-family dwellings.

Under section 203, as it would be amended by this section the maximum amounts of mortgages which could be insured by FHA would be \$18,000 for a 1- or 2-family residence (instead of the present \$16,000), \$24,000 for a 3-family residence (instead of the present \$20,500), or \$30,000 in the case of a 4-family residence (instead of the present \$25,000), and not to exceed the sum of 95 percent of \$8,000 of appraised value and 75 percent of the appraised value in excess of \$8,000. However, if the mortgage is on an existing home instead of a new home the maximum amount of the mortgage would be limited to 80 percent of appraised value of the property. The mortgagor would be required to have made at least a 5 percent downpayment in all cases.

Under section 104 of the bill the present subsections (b) (2) (A), (b) (2) (C), and (b) (2) (D) of section 203 of the National Housing Act would be consolidated to provide a simplified form of maximum ratio of loan to value and maximum dollar amount of mortgages. This would eliminate present statutory distinctions within specific programs related to dollar maximum mortgage amounts, and maximum ratio of loan to value as related to the number of bedrooms, whether the mortgagor was the owner and occupant of the house, and other similar unnecessarily complicating factors. It would provide maximum limits and leave specific mortgage amounts to be handled, within the statutory limits, by processing of individual applications under regulations to be prescribed by the Federal Housing Commissioner.

Section 104 would add a new provision to section 203 which would make clear that a dwelling, designed principally for a 1- or 2-family residence may be rented temporarily in appropriate cases for school purposes.

A technical change would also be made in the method of calculating the 5 percent minimum downpayment. Such downpayment, where required under the present law, must equal "5 percent of the appraised value." This has an unintended and unreasonable result in certain cases. Thus, 4 identical row houses may be valued alike except for the corner house which the FHA values at \$500 more than the other 3. Even though all 4 houses are sold at the same price, the present law requires the purchaser of the corner house to make a \$25 larger downpayment than the purchasers of the other 3 houses. This has the undesirable result of limiting the mortgage on the more valuable house to a smaller amount than is permitted for the less valuable houses. The bill would correct this defect in the present law through a new provision which requires the downpayment to equal at least "5 percent of the Commissioner's estimate of the cost of acquisition." This change in no way relaxes the separate requirement that the mortgage loan shall not exceed a specified percentage of the "appraised value" of the property as determined by the FHA.

Section 105. Maximum maturity of section 203 mortgages

This section would amend section 203 (b) (3) to fix a maximum statutory term of 30 years for all mortgages insured under section 203, except those covering existing housing, without reference to amount of mortgage and other considerations presently provided in the statute, and would leave specific mortgage terms to regulations to be prescribed by the Federal Housing Commissioner. The maximum maturity of a mortgage covering an existing dwelling would be reduced by 1 year for each of the first 10 years of age of the dwelling. Thus the maximum maturity of such a mortgage could not exceed 20 years if the house was 10 years old, or not to exceed 25 years if it was 5 years old. If the house was 10 years of age or older the maximum maturity could not exceed 20 years. Maximum statutory mortgage terms under section 203 are now 20, 25, or 30 years, depending on whether the house is new or old, the number of bedrooms, the size of the loan, and whether the mortgagor is the owner-occupant.

Section 106. Maximum interest rate on section 203 mortgages

This section would amend section 203 (b) (5) to continue the FHA Commissioner's power to establish the maximum statutory interest rate on section 203 mortgages at not to exceed 5 percent with authority in the Federal Housing Commissioner to increase the rate to not to exceed 6 percent as he finds it necessary to meet the mortgage market. These maxima are the same as now provided by existing law. Currently, the maximum interest rate is fixed at 4½ percent, and your committee was advised that no increase in the current rate is presently contemplated.

The amendment also permits the Commissioner to allow a service charge. Special service charges may be allowed to encourage mortgage loans on inexpensive houses where the amount of the loan is so small that the interest rate does not compensate for overhead. Special service charges could also be allowed on an area basis to encourage residential credit in localities where mortgage funds are not readily available.

Section 107. Debentures presented in payment of premium charges

This section would add a proviso to section 203 (c) to provide that debentures presented in payment of premium charges shall represent

obligations of the particular insurance fund to which such premium charges are to be credited. Under existing law debentures issued by one insurance fund may be used to pay premiums only as to mortgages insured under the same fund, with the exception of the mutual mortgage insurance fund and the housing insurance fund. This exception exists only because these two funds were originally one fund. This amendment would merely give effect to an oversight at the time the two funds were established, and thereby make the provisions applicable to these two funds consistent with the provisions applicable to all other funds with respect to this subject.

Section 108. Farm housing mortgage insurance authorization terminated

This section would terminate the authority of the Federal Housing Commissioner under section 203 (d) to insure mortgages on farm housing after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before that date. There have been virtually no applications under this section in recent years. In any case, the continuation of the farm housing program under title V of the Housing Act of 1949 provided for in section 911 of this bill would make this program no longer necessary.

Section 109. Repeal of refinancing requirement and President's standby authority

This section would repeal section 203 (f). This subsection was enacted in 1939 to provide that if a proposed FHA mortgagee refinances a then existing mortgage in whole or in part, the mortgagor must certify that prior to the date the application was filed the holder of the existing mortgage has failed or refused to make a loan on as favorable terms.

This section would also repeal subsection (g) of section 203. This subsection was added by the housing amendments of 1953 (Public Law 94, 83d Cong.) to give the President standby authority to increase ratio of loan to value and term, up to 95 percent and 30 years, but not beyond a \$12,000 mortgage amount, under certain conditions. The liberalizations contained in sections 104 and 105 of this bill make such standby authority unnecessary at this time.

Section 110. Disaster housing and housing in suburban and small communities

This section would add a new subsection (h) to section 203 to continue the authority previously carried in section 8 (which would be terminated by this bill) to insure 100 percent disaster housing loans on the same basis as formerly permitted under section 8.

A new subsection (i) would also be added to section 203 to authorize the insurance of mortgages covering single-family dwellings in suburban and small communities where the Federal Housing Commissioner finds—(1) it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas and (2) that the project is an acceptable risk giving consideration to the need for low and moderate income housing.

The amount of the mortgage could not exceed \$6,650 and 95 percent of appraised value if the mortgagor is the owner and occupant of the property, or \$5,950 and 85 percent of value if the mortgagor is the builder. A downpayment of at least 5 percent of the cost of the

housing would be required from an owner-occupant mortgagor. Another person or corporation with a credit standing satisfactory to the Commissioner would be permitted to advance all or part of the downpayment for the house and to guarantee payment of the mortgage where the mortgagor is the owner-occupant.

Section 111. Payment of insurance

This section would amend section 204 (a) dealing with the payment of insurance.

Paragraph (1) of this amendment would permit a mortgagee to receive in debentures amounts (not allowable under existing law) paid by it for internal revenue stamps on a deed to it and on a deed to the Commissioner.

As to mortgages accepted for insurance under section 203 after the effective date of the Housing Act of 1954, paragraph (2) would permit a mortgagee to receive in debentures two-thirds of foreclosure costs or \$75, whichever is greater, which allowance is permitted under existing law only as to special programs. The present differences in such allowances are not believed justified, and in addition a uniform treatment would simplify the processing of payment of insurance benefits.

Paragraph (3) would permit a conveyance (where permissible under State law) to be made by mortgagor by deed in lieu of foreclosure, or by trustee, or by sheriff, direct to the Commissioner rather than to the mortgagee and then to the Commissioner. This will avoid duplicate expenses of recording, stamp taxes, etc. This effects merely a mechanical change in getting title in the Commissioner (in those cases where title is now conveyed to the Commissioner by the mortgagee, either after or without foreclosure) and would involve no additional expense to FHA and no other change in procedure or in amount paid to the mortgagee under insurance contract.

Section 112. Terms of debentures and refunding debentures

Section 112 would amend section 204 (d) by fixing the term of debentures to be issued under sections 203 and 213 at 10 years, consistent with the present debenture term under all other mortgage-insurance programs.

This amendment would also add a new subsection (i) to section 204 of the National Housing Act which would authorize the Federal Housing Commissioner to issue refunding debentures maturing in not more than 10 years from their date of issuance when he determines that moneys available to him for the payment of debentures may not be sufficient to permit full payment of principal and interest on debentures maturing in the immediate future. The refunding debentures would bear interest at the same rate as the original debentures.

The holders of refunding debentures would have no recourse to the Treasury on the original debentures, but in case the Commissioner fails to pay the refunding debentures when due the Secretary of the Treasury would be directed to pay to their holders the amount of principal and interest due. Appropriations are authorized for such payments. The authority to issue refunding debentures would not apply in cases where the mortgage involved was insured or the commitment for insurance was issued prior to the effective date of the Housing Act of 1954.

Section 113. Technical amendment

This is a technical amendment adding a new subsection 204 (j) in order to transfer from section 205 certain provisions which do not conform to the wording of section 205 as it would be amended by section 114 hereof. No change or new material is involved.

Section 114. Establishment of general surplus account and participating reserve account in mutual mortgage insurance fund

Section 114 would amend section 205 by revising and completely rewriting section 205 and accomplishes a change in the mutuality system under section 203 by eliminating the group accounts and substituting a general surplus account and a participating reserve account. These changes would modify the mutual mortgage insurance system in order to further increase the strength of the mutual mortgage insurance fund as a protection against the contingent possibility of payment of FHA debentures by the Treasury. This system is used to carry out the section 203 insurance program for 1- to 4-family home mortgages. Fundamentally, the changes made by the bill as reported would combine the independent resources of the 192 individual active group accounts in the present system into a single reserve system consisting of a general surplus account and a participating reserve account. Funds could continue to be distributed to terminating mortgagors from funds in the participating reserve account.

Under the present system, only the resources of the general reinsurance account stand between a deficit in liquidation of insurance for a single year's mortgages in a particular group account and a call upon the Treasury for redemption of debentures issued. The provisions in the bill as reported would make all the existing resources of the mutual mortgage insurance system available for redemption of maturing debentures before a call to the Treasury would be necessary.

Section 115. Section 207 rental housing

This section would amend section 207 (c) dealing with eligibility for rental housing mortgage insurance as follows:

Paragraph (1) would amend paragraph (2) of section 207 (c) to make it clear that the Commissioner can insure mortgages on existing multifamily structures if located in slum or blighted areas, as defined in an existing provision of section 207, and part of proceeds are used to repair or rehabilitate property. Such a mortgage would otherwise be subject to the same eligibility requirements and limitations as other loans under section 207.

Paragraph (2) of the amendment to paragraph (2) of 207 (c) would permit special limitations under 207 as now applicable to property in Alaska (90 percent of replacement cost rather than 80 percent of value) to be extended to mortgages covering property located in Guam. The need for housing in Guam and cost factors present in construction there are similar to conditions in Alaska.

Paragraph (3) of the amendment would amend paragraph (3) of 207 (c) by substituting a new paragraph 3 which would retain the present mortgage amount limitation of \$2,000 per room or \$7,200 per family unit (less than 4 rooms) but would remove the \$10,000 per family-unit limitation, and would permit an increase in such limitations to \$2,400 per room and \$7,500 per family unit for elevator-type

structures. Such higher limits would be permitted because of higher costs incident to elevator-type structures. No change is made in the existing ratio of loan to value limitation or in the 90-percent loan for projects which average 2 bedrooms per unit under the existing \$7,200 per family-unit limitation.

Section 116. Technical amendment concerning debentures

This is a technical amendment to section 207 (d) to carry out the purposes of the proposed amendment to section 203 (c) in section 107 of the bill by permitting debentures of the housing insurance fund to be used to pay only those premiums as are credited to such fund.

Section 117. Foreclosure costs

This is a clarifying amendment to section 207 (h) to remove any question as to the inclusion of foreclosure costs, costs of acquisition, and costs of conveyance to the Commissioner in the certificate of claim, consistent with the other rental-housing programs.

Section 118. Protection of labor standards

This section would make the provisions of the National Housing Act with respect to the protection of labor standards apply to multifamily housing financed by mortgages insured under the new section 220 proposed by this bill. (See sec. 123 of bill.) The labor-standard provisions would apply in the case of the new section 220 to mortgages covering existing multifamily housing to be rehabilitated or reconstructed as well as to new construction.

Section 119. Cooperative housing

This section would amend section 213 (b) dealing with eligibility for cooperative housing mortgage insurance. A provision would be added to subsection (b) (1) to permit FHA-insured cooperative housing mortgages to be as high as \$50 million in amount if the mortgagor cooperative is regulated by Federal or State law as to rents, charges, and methods of operation. The section would also change, with respect to nonveteran projects the present per family or per room mortgage amount limitations from \$8,100 per family unit or \$1,800 per room to \$2,250 per room and with a per family unit limitation of \$8,100 applicable only if number of rooms is less than 4. The section would also provide for changing from a cost basis to a valuation basis. In addition, it would change the basis for allowing increases for veteran membership so that in all cases such increases would be made only if 50 percent of members are veterans, instead of making such increases on basis of certain allowances for each 1 percent of veteran membership. This latter change would simplify computations, and experience has shown substantially all projects to date have had over 50 percent veteran membership. Also an increase would be authorized to the per room and per family mortgage amount limitation for elevator-type structures in both veteran and nonveteran projects. A provision would also be added to section 213 (b) which would authorize the Federal Housing Commissioner, by regulation, to increase the dollar amount limits on mortgages covering elevator-type structures by an additional \$1,000 per room for housing projects in (1) a slum clearance and urban redevelopment project covered by a Federal aid contract entered into prior to the effective date of the Housing Act of 1954, or (2) an urban renewal area as defined in title I of the Housing

Act of 1949 as amended by this bill. In either case, the housing would have to be located in a geographical area where the Commissioner finds that cost levels require the higher mortgage amount.

Authority for this additional \$1,000 increase in high-cost areas is made necessary by certain desirable action now being taken by the Federal Housing Administration with respect to projects build on leaseholds. Heretofore, a mortgagor building on a leasehold who has obtained a mortgage at or near the maximum dollar amount permitted has had an unfair advantage over a builder acquiring his land in fee, as the leasehold could be paid for from rentals over a number of years and such cost need not be included in the mortgage amount. Hence, the holder of the leasehold would be in a better financial position, under the same mortgage ceilings, to build the improvements on the property than a mortgagor acquiring a fee in the land. Accordingly, the FHA is now formulating requirements for an appropriate reduction of the maximum mortgage amounts in cases of leaseholds, so that the maximum mortgage amounts available where the land is held under leasehold would be no more advantageous than if the land were held in fee. Although this is desirable as a general matter, it would be too restrictive without permitting all or part of the \$1,000 increase under this section in the case of elevator structures in urban redevelopment or urban renewal projects in certain high-cost areas.

When section 213 was enacted, the Congress intended to encourage the provision of housing by genuine cooperatives consisting of members who banded together initially to construct housing for their own use at savings to them. Your committee recognizes that because of the special incentives given in section 213 and because the provisions of the section permitted such a result as a technical matter, operative builders have used the section as a means of gaining speculative profits which were not intended by the Congress. Your committee feels that the actions taken by it in amending section 213 as provided in the bill as reported should do much to prevent this misuse. The cost-certification requirement and the change from estimated cost to value should help serve this purpose. Notwithstanding these tightening provisions, however, the FHA is instructed to administer the mortgage-insurance program under that section so that, where the cooperative is in effect sponsored by a builder, such additional controls will be imposed by the FHA as it deems necessary to assure that the primary benefit to be served is reduced costs to the consumer.

Subsection (c) of this section would remove certain provisions from section 213 (c) which would be superfluous and meaningless if the amendments to section 203 of the National Housing Act proposed by this bill are enacted.

Section 120. Provision for Assistant Commissioner for Cooperative Housing

This section would direct the Federal Housing Commissioner to appoint an Assistant Commissioner to administer the provisions of section 213 of the National Housing Act authorizing FHA mortgage insurance for cooperative housing. This provision would be, notwithstanding the provisions of any other law except a provision enacted after the effective date of this bill, expressly in limitation of this section.

Section 121. Consolidation of all mortgage-insurance authorizations

This section constitutes a revision of section 217 in order to consolidate and merge all the existing mortgage-insurance authorizations with respect to all sections or titles (except sec. 2) into one general insurance authorization. This amendment would simplify operations under present separate insurance authorizations, would permit greater flexibility in use of the authorization as between separate programs and establish at all times the amount of the current mortgage-insurance authority under all programs. The total authorization would not exceed the estimated amount of insurance in force and commitments outstanding as of July 1, 1954, plus \$1½ billion, except that with the approval of the President such total authorization could be increased by amounts up to not to exceed \$500 million.

According to the estimates of FHA, the \$2 billion additional authorization provided for in this bill would be sufficient, with a reasonable margin of safety, to permit FHA to continue its operations without interruption until June 30, 1955.

Section 122. Transfer between insurance funds

Section 219 now authorizes the Commissioner to transfer moneys from one or more of the insurance funds (except the mutual mortgage insurance fund) to any other fund where needed, and this amendment to section 219 would merely include within such authority funds of the section 220 housing insurance fund, a new fund to be established in connection with the new proposed section 220 mortgage insurance program (see sec. 123 of bill).

Section 123. Addition of sections 220 and 221

This section would add 2 new sections (220 and 221) to title II of the National Housing Act to provide 2 new FHA mortgage-insurance programs to assist urban renewal activities (see title III of bill, as reported). Except in connection with an existing slum clearance and urban redevelopment project, no mortgages would be insured under either of the two new programs unless: (1) There has been presented to the Housing and Home Finance Administrator by the locality a workable program for eliminating and preventing slums and urban blight and encouraging the rehabilitation or redevelopment of blighted areas or slums, and (2) on the basis of his review of the program, the Administrator has certified to the Federal Housing Commissioner that the benefits of the new FHA program may be made available in the community (see sec. 303 of bill for this requirement).

Rehabilitation and neighborhood conservation housing insurance (sec. 220 of National Housing Act)

The new section 220 would provide a mortgage-insurance program to assist in the rehabilitation of existing dwellings and the construction of new dwellings in urban renewal areas. The property assisted must be located in (1) an urban renewal area in a community which has a workable program (which has been approved by the Housing Administrator) to eliminate and prevent the spread of slums and urban blight, or (2) the area of an existing slum-clearance or urban redevelopment project. The Housing Administrator must certify to the Federal Housing Commissioner that section 220 mortgage-insurance assistance may be made available in the community. In addition, the governing body of the locality must have approved a redevelopment plan or

urban renewal plan for the redevelopment project or urban renewal project involved. The Housing Administrator would be required to approve the respective plan and to certify to the Federal Housing Commissioner that the plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of the redevelopment or urban renewal plan. The housing property would have to meet such standards and conditions as the Federal Housing Commissioner prescribes to establish the acceptability of the property for mortgage insurance under section 220.

The mortgage insurance under the new section 220 would cover existing construction, as well as new construction, and thus include assistance for rehabilitation as well as redevelopment. The mortgage limits covering 1- to 4-family dwellings would be the same as those proposed in section 104 of this bill for section 203 mortgages. However, this new section 220 would also permit mortgage insurance covering more than 4-family dwellings (the number in excess of 4 to be specified by the Commissioner) to take care of those structures which may contain more than 4 units but less than the number which could be covered under multifamily mortgage insurance. The mortgage limits in such cases would be \$30,000 plus not to exceed \$6,000 for each additional family unit in excess of 4.

Provision is also made for multifamily housing mortgage insurance with maximum mortgage limits of \$2,250 per room (or \$8,100 per family unit if the number of rooms in the project is less than 4 per family unit). Where a project consists of elevator-type structures, the Commissioner would be authorized to increase these dollar maximum mortgage amounts to \$2,700 per room and \$8,400 per family unit, respectively. These mortgage amounts (per room and per family unit) on elevator-type structures could, by regulation of the Federal Housing Commissioner, be increased by an additional \$1,000 per room in any geographical area where he finds that cost levels so require. Authority for this additional \$1,000 increase in high cost areas is made necessary by certain desirable action now being taken by the Federal Housing Administration with respect to projects built on leaseholds. Heretofore, a mortgagor building on a leasehold who has obtained a mortgage at or near the maximum dollar amount permitted has had an unfair advantage over a builder acquiring his land in fee, as the leasehold could be paid for from rentals over a number of years and such cost need not be included in the mortgage amount. Hence, the holder of the leasehold would be in a better financial position, under the same mortgage ceilings, to build the improvements on the property than a mortgagor acquiring a fee in the land. Accordingly, the FHA is now formulating requirements for an appropriate reduction of the maximum mortgage amounts in cases of leaseholds, so that the maximum mortgage amounts available where the land is held under leasehold would be no more advantageous than if the land were held in fee. Although this is desirable as a general matter, it would be too restrictive without permitting all or part of the \$1,000 increase under this section in the case of elevator structures in urban redevelopment or urban renewal projects in certain high cost areas. The maximum ratio of loan to value limitation would be 90 percent of value.

Maturities of the section 220 mortgages would be as prescribed by the Federal Housing Commissioner except that the maturities of mortgages covering sales housing (1- to 4-plus family units) would not be permitted to exceed the maximum maturity prescribed by the bill for section 203 sales housing mortgages (in no event in excess of 30 years). The maximum interest rate would be 5 percent per annum, but could be up to 6 percent if the Federal Housing Commissioner finds it necessary to meet the mortgage market. This is the same as existing law for sales housing under section 203.

The provisions for payment of insurance would be, as to home mortgages (1- to 4-plus family units), on the same basis as section 203 mortgage insurance, and would be, as to multifamily project mortgages, on the same basis as section 207 mortgage insurance.

A new fund to be called the section 220 housing insurance fund consisting initially of \$1 million to be transferred from the war housing insurance fund, would be created as a revolving fund for carrying out the provisions of the new section 220.

Mortgage insurance for relocation housing (sec. 221 of National Housing Act)

The new section 221 (which would be added to the National Housing Act by this section of the bill) would provide an FHA mortgage-insurance program for low-cost housing for families displaced as the result of governmental action in a community with respect to which the Housing Administrator has certified that section 221 mortgage insurance assistance may be made available. This certification would be made after the Housing Administrator has approved the workable program of the community for the elimination and prevention of the spread of slums and urban blight.

Eligible displaced families would include families which are required to move because of any form of governmental action, such as land acquisition by a public body, closing or vacating of dwellings by public officials, or the eviction of families from public housing because of their incomes.

Some of these displaced families would be able to find decent homes in existing or new housing in the community, but many of them, because of their low income, would not. Section 221 is designed to bring privately financed housing within the reach of at least some portion of these families by applying the FHA mortgage insurance system on the most liberal terms deemed feasible.

The bill would permit mortgage insurance under section 221 in a community which has an urban redevelopment project underway at the time of the enactment of the Housing Act of 1954, even though the certification by the Administrator has not been made. The mortgage insurance under section 221 would be available only in communities which have requested that the insurance be provided. The Federal Housing Commissioner would be required to prescribe procedures to secure to the families so displaced a preference or priority of opportunity to purchase or rent the dwellings involved. The total number of dwelling units in properties covered by mortgages insured under section 221 could not exceed the total number of such dwelling units which the Housing Administrator certifies to the Commissioner to be needed for the relocation of displaced families who would be eligible to rent or purchase the housing.

The Housing Administrator could not certify any dwelling units for section 221 mortgage insurance with respect to a community during any period when, in his opinion, it failed to carry out the workable program for eliminating and preventing slums and urban blight upon which the Administrator based his certification to the Commissioner that section 221 mortgage insurance could be made available in the community.

Further, where a community is undertaking only an existing slum clearance and redevelopment project under title I of the Housing Act of 1949, the Housing Administrator could not certify a larger number of dwelling units for section 221 than he estimates to be needed for the relocation of families during the period such project is being carried out. That is, this number of units could not cover families to be displaced in later years through land acquisition for highways or other governmental action unless a workable program is approved for the community.

The maximum mortgage amount would be \$7,600 or up to \$8,600 in high-cost areas. Where the mortgagor is the owner-occupant the mortgage could not exceed 95 percent of value for new housing or 90 percent of value if the mortgage covers rehabilitation or repair of an existing structure. Owner-occupants would be required to make at least a 5 percent downpayment if the mortgage covers new housing and a 10 percent downpayment if the mortgage covers existing housing being repaired or rehabilitated. Where the mortgagor is not the owner-occupant, mortgage financing under section 221 would also be available, in amounts not to exceed 85 percent of value, for single-family homes built, or acquired and repaired or rehabilitated, for sale, if the financing is required pending subsequent sale to a qualified owner-occupant. The maximum term is fixed at 30 years and a service charge would be permitted.

Mortgage insurance would also be provided under this section for the repair or rehabilitation, as well as construction, of dwellings (not necessarily contiguous) for use by 10 or more families as rental accommodations for qualified displaced families where the mortgagor is a private nonprofit corporation, association, or organization which is regulated under Federal or State laws as to rents, charges, and methods of operation. These regulations could be imposed by the Federal Housing Commissioner where others are not applicable. The maximum mortgage would be \$7,600 (or up to \$8,600 in high-cost areas) per family unit and not in excess of 95 percent of value, with a maximum term of 30 years.

The interest rate on section 221 mortgages would have a statutory maximum of 5 percent per annum or not more than 6 percent if the Federal Housing Commissioner finds it necessary to meet the mortgage market. This is the same as the provisions of existing law for mortgages covering other comparable type dwellings.

The provisions for insurance payments under section 221 mortgages would be the same as under section 203 mortgages, except that such payments with respect to rehabilitated housing by nonprofit corporations would be the same as under section 207. In addition, the mortgagee under section 221 would have the option after 20 years if the loan was not in default, to assign the mortgage to the Federal Housing Commissioner and receive 10-year debentures equal to the original principal unpaid at assignment plus accrued interest. The

debentures issued under this option would have one feature different from debentures under other insurance programs, namely, the interest rate would be fixed at the "going Federal rate" at date of issuance. This would be the annual rate of interest specified by the Secretary of the Treasury as applicable to the 6-month period which includes the issuance date of the debentures. The Secretary of the Treasury would determine this applicable rate by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such 6-month period, on all outstanding marketable obligations of the United States having a maturity date of 8 to 12 years from the 1st day of May or November, as the case may be. If there should be no outstanding marketable obligations of the United States having the 8- to 12-year maturity at the time the Secretary of the Treasury is required to determine the debenture rate involved, the obligation next shorter than 8 years and the obligation next longer than 12 years, respectively, would be used.

A section 221 housing insurance fund would be created for the purposes of the mortgage insurance program under section 221. It would be a revolving fund and would consist originally of \$1 million transferred from the war housing insurance fund. No provision would be made for transfer of assets between the section 221 fund and other FHA insurance funds as is presently authorized for FHA insurance funds.

Section 124. Mortgage insurance for servicemen

This section would add section 222 to the National Housing Act to authorize a new FHA mortgage insurance program for housing for servicemen in the Armed Forces of the United States and their families. This program would assist in the provision of housing for members of the active Military Establishment who are not usually eligible for the home-loan benefits of the Servicemen's Readjustment Act of 1944, as amended, because they have not become veterans. That act deals, of course, with the readjustment of veterans to civilian life, as distinguished from the provision of housing for servicemen while they remain in service. The provision of adequate housing for them at posts and installations is important to the morale of our Armed Forces, especially because it removes a major incentive for the trained officers and men with families to leave the service. It has been represented to your committee that many military personnel leave the Armed Forces because of inadequate housing conditions, and seek the home-loan benefits made available to them as veterans. Many members of the service desire to establish their permanent homes while on active duty and in advance of retirement since an individual who has retired (after serving the required number of years) has more difficulty in obtaining long-term mortgage financing. Also, in many military areas it is advantageous and often necessary for a serviceman to buy a home for a tour of duty and to sell upon departure, using the proceeds to finance a future purchase.

Before a serviceman would be entitled to the benefits of this program the Secretary of Defense (or his designee) would have to issue to him a certificate indicating that he requires housing, that he is serving on active duty in the Armed Forces of the United States, and that he has served on active duty for more than 2 years. A certificate

would not be issued to any person ordered to active duty for training purposes only. The Secretary of Defense could issue more than one certificate to a serviceman only if in his judgment the additional certificate is justified due to circumstances resulting from military assignment. A serviceman who has had the benefits of mortgage insurance assistance under this section would not be eligible for home-loan benefits under the Servicemen's Readjustment Act of 1944. Similarly, no person who has used his entitlement for home-loan benefits under that act would be eligible for the benefits of this section.

The mortgages insured under this new section 222 would be subject to the same limits on amounts as mortgages insured under the regular section 203 sales housing program except that the maximum ratio of loan to value under this new section 222 could, in the discretion of the Federal Housing Commissioner, exceed the maximum prescribed in section 203, up to 95 percent of the appraised value of the property. The maximum dollar mortgage amount under this section would be \$14,250 (that is, 95 percent of \$15,000). The serviceman would be required to either occupy the property or certify that his failure to do so is the result of his military assignment.

Premiums on the insurance would not be payable by the mortgagee while the serviceman owns the home but would be paid yearly by the Secretary of Defense from the appropriations for pay and allowances of persons eligible for mortgage insurance under this section. The Secretary of Defense (or such person as designated by him) would certify to the Federal Housing Commissioner the termination of ownership of such home by a serviceman, and future premiums would be payable in the same manner as in the case of other mortgage insurance.

Payment of insurance to the mortgagee in event of default on these mortgages would be made in accordance with the same provisions as govern the payment of insurance on section 203 mortgages, except that such payments would be from a separate servicemen's mortgage insurance fund established for the purposes of section 222. An appropriation of \$1 million would be authorized for such fund.

The benefits of this section would apply to servicemen in the United States Coast Guard and their families, except that the Secretary of the Treasury would perform the functions otherwise given to the Secretary of Defense.

Section 125. Transfer of certain mortgage insurance programs to title II program

This section would add a new section 223 to title II of the National Housing Act to transfer to title II authority to insure: (1) Mortgages executed in connection with the sale of certain publicly owned housing now insured under section 610; (2) mortgages to refinance existing loans insured under section 608 prior to the enactment of this bill; (3) mortgages to refinance loans insured under sections 903 and 908; and (4) mortgages assigned to the Commissioner in payment of insurance benefits, or mortgages executed in connection with sale of property acquired by the Commissioner under insurance contracts, regardless of requirements in the section or title of the act under which the insurance contracts were executed. Mortgages insured under this new section would be insured under section 203 or section

207 and consequently the insurance benefits would be in accordance with such sections.

The provisions of section 223 covering authority to insure mortgages assigned to the Commissioner is a new authority not now included within the provisions of section 608 (g). This additional authority would assist the Commissioner in the sale of such mortgages and facilitate liquidation of insurance liability.

Section 126. Additional FHA provisions

This section would add five new sections (224, 225, 226, 227, and 228) to the National Housing Act.

Debenture interest rate, new section 224

The new section 224 of the National Housing Act would provide for the interest rate on FHA debentures issued in payment of insurance in the event of default on an insured mortgage which was accepted for insurance on or after 30 days following the effective date of the Housing Act of 1954. Under the amendment such debentures would bear interest at the rate in effect at the time the mortgage is insured, as established by the Federal Housing Commissioner from time to time, with the approval of the Secretary of the Treasury. The rate could not exceed the "annual rate of interest" determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield to maturity of comparable marketable obligations of the United States during a prescribed period. (This amendment would not apply to the special debentures issued under sec. 221 (g) (3), which would be exchanged for mortgages not in default.)

Open-end mortgages—New section 225

As a further aid in financing needed home additions or improvements, the new section 225 would authorize FHA insurance of advances to a mortgagor made pursuant to provisions in an open-end FHA-insured home mortgage. Open-end mortgages are mortgages which provide that the outstanding balance can be increased in order to advance additional loan funds to a mortgagor for improvement, alteration, or repair of the home covered by the mortgage without the necessity of executing a new mortgage. Your committee has been advised that in States where these mortgages can be used effectively, they eliminate the expenses of title search and recordings otherwise required in connection with placing a new mortgage for the additional loan funds. Also, it permits the homeowner to borrow for the improvements at the low rate of interest prescribed in the mortgage and generally for a longer term than otherwise available. This section would authorize the Federal Housing Administration to insure open-end mortgages only with respect to dwellings for four families or less. In addition, only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved and are affixed to, or become part of, the realty would be eligible for insurance. Neither could an advance be insured if the amount of the advance added to the unpaid balance of the mortgage loan would total more than the original principal obligation of the mortgage.

Under section 225 the Federal Housing Commissioner would be authorized to require the payment of charges in lieu of insurance premiums for the insurance of the open-end advances. The Federal

Housing Administration has advised that in administering this authority, it would perform whatever appraisal, credit analysis, and property inspections as may be necessary to assure the adequacy of the security to sustain the increased insurance liability, and that charges for use of the open-end provision will be computed to cover both processing cost and insurance risk.

The amount of insurance under this section would not be included in computing the aggregate amount of outstanding principal obligations of mortgages which may be insured under the National Housing Act under the limitations in that act on the amount of such obligations outstanding at any one time.

FHA appraisal available to home buyers—New section 226

This new section 226 of the National Housing Act would require that the amount of the FHA-appraised value of a property be made known to the purchaser of a new home for his own occupancy prior to the sale. The Federal Housing Commissioner would be directed to require the seller or builder to agree to give the purchaser this information. This requirement would apply to a single-family or two-family residence covered by a mortgage insured under sections 203, 220, or 221.

Builder's cost certification—New section 227

This section is designed to avoid future occurrence of such mortgaging out abuses by builders as discussed in the introductory and general statement of this report, and would apply to all FHA mortgage insurance for new or rehabilitated multifamily and rental housing and to section 903 or 221 1- or 2-family housing which can temporarily be held for rental. To prevent any proceeds of an insured mortgage loan from being used to provide excessive profits to the builder, the section would, in effect, require that the amount of the mortgage be reduced, after actual costs of the project are known, to an amount conforming to the percentage of estimated value or replacement cost which had been used in establishing the FHA commitment for the mortgage. For example, where the FHA makes a commitment before construction to insure a mortgage on a rental housing project for 80 percent of its estimated value of \$1 million, and the subsequent construction and other costs of the project actually are \$900,000, the amount of the mortgage would be reduced to 80 percent of \$900,000. This would assure that the builder could not obtain an FHA insured loan greater than the percentage of the actual project costs specified by the Congress.

Section 227 would provide that, upon completion of the project and prior to final endorsement of the mortgage for insurance, the mortgagor must certify the amount, if any, that the proceeds of the mortgage exceed the approved percentage of the actual cost of the project. This approved percentage means the same percentage which the FHA applies under the law to the estimated value or replacement cost of the project to determine the maximum amount of the mortgage for which an insurance commitment is originally given. This section requires that any such excessive amount of the proceeds of the mortgage so certified shall be paid forthwith to the mortgagee for application to the reduction of the principal amount of the mortgage. If there are no such excessive proceeds under the mortgage, the mortgagor would merely be required to certify to that effect.

All appropriate expenditures could be included in the actual costs which are certified by the mortgagor under this section. These would include the actual cost to the mortgagor of construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Federal Housing Commissioner, including a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner. As a guide to the Commissioner in establishing this allowance, your committee wishes to express the view that it should not exceed 10 percent of the other costs of the job. The certified actual cost could also include the Federal Housing Commissioner's estimate of the fair market value of the land (prior to the construction of the improvement built as a part of the project) in the project owned by the mortgagor in fee. This means that any streets and utilities in the land prior to the construction of the project may enter into the value of the land, but if the project is built on raw and unimproved land, the land value must be on that basis and not on the basis of value when proposed improvements are completed. In case the mortgagor builds on leased land, the certified actual costs could include any amount actually paid prior to the certification for the acquisition of the leasehold, but not in excess of its fair market value.

As this section applies to mortgage insurance for the rehabilitation, as well as the new construction of multifamily housing, there are special provisions with respect to the costs which the mortgagor may include in the certification with respect to rehabilitation. In addition to the items of expense other than land referred to above, the actual cost in these cases could include certain other amounts. Thus, if the mortgagor is purchasing the property to be rehabilitated and such purchase is being financed with the proceeds of the insured mortgage, the certified actual cost could include the purchase price of such property (but not beyond its estimated fair market value). On the other hand, if the mortgagor is rehabilitating his own property on which he has an outstanding indebtedness that he must refinance from the proceeds of the mortgage, his certified cost could include the amount of that indebtedness. As it would be necessary for the mortgagor in such case to refinance 100 percent of the amount of the outstanding indebtedness, the amount of this item of cost (unlike all others included in actual cost of the project) would not be reduced to the "approved percentage" referred to above. Of course, the amount of the indebtedness so included could in no event exceed the approved percentage of the estimated fair market value of the property prior to the proposed rehabilitation.

As previously indicated, the requirements of this section would apply to all FHA mortgage insurance for new or rehabilitated multifamily housing. This would include mortgage insurance under the following provisions of the National Housing Act:

- (1) Section 207, covering the regular FHA rental housing program.
- (2) The provisions of section 213 relating to management-type cooperatives building housing for the occupancy of their members.
- (3) The provisions of section 220 relating to multifamily housing in urban renewal areas, as defined in title I of the Housing Act of 1949, as amended by this bill.

(4) The provisions of section 221 relating to housing for families displaced by slum clearance or other governmental action in communities obtaining assistance under title I of the Housing Act of 1949.

(5) Section 803 relating to rental housing at permanent military installations.

(6) Sections 903 and 908 relating to rental housing needed in connection with defense activities in critical defense housing areas.

Your committee wishes to express its opinion that no existing FHA mortgage insurance commitments which would expire unless extended by the Commissioner should be extended for mortgages insured under the above sections and titles unless the mortgagor agrees that the cost certification will be provided.

Compensation of certain positions in FHA—New section 228

This section would authorize the Federal Housing Commissioner to establish in the FHA not to exceed 18 positions at grade GS-16 of the general schedule established by the Classification Act of 1949 (\$12,000 to \$12,800). These positions would be in place of the positions previously allocated in the FHA under section 505 of the Classification Act, and would be made without regard to that act and to civil-service laws.

ADDITIONAL AMENDMENTS RELATING TO FEDERAL HOUSING
ADMINISTRATION

Section 127. Termination of authority to insure mortgages under title VI

This section would terminate authority to insure mortgages under title VI of the National Housing Act after the effective date of the enactment of this bill, except pursuant to a commitment to insure issued on or before such date. The following insurance programs would be affected:

(1) Section 603: Authority to issue commitments on new business expired April 30, 1948, and the only authority now existing is with respect to loans to refinance existing insured mortgages. This proposal would terminate such authority but such refinancing loans are eligible under section 203 and no reason exists for continuation of the insurance authority under section 603.

(2) Section 608: Authority to issue commitments now limited to applications filed on or before March 1, 1950, and as to mortgages to refinance existing insured mortgages. This proposal would terminate such authority but it is proposed by the provision of the new section 223 to transfer authority to insure refinancing mortgages to section 207.

(3) Section 609: Authority to insure prefabricated housing manufacturers' loans would be terminated. Only a few loans have been insured and experience indicates that the continuance of such a program under the National Housing Act is not warranted.

(4) Section 610: Authority to insure mortgages in connection with sale by Government of certain publicly owned housing would be terminated under section 610 of title VI, but such authority would be transferred to title II and continued pursuant to the provisions of the proposed new section 223, added by section 125 of this bill.

(5) Section 611: Authority to insure blanket mortgage covering 25 or more single-family houses would be terminated. Experience has indicated continuation of this program is not warranted. It has not been used to any substantial extent by builders.

(6) Section 608 (g): Authority to insure mortgages taken by the Commissioner in connection with sale of Commissioner-acquired property would be terminated, but the same authority would be continued under the proposed section 223.

Section 128. One-year extension of military housing insurance authority—Section 903 housing to be held for rental

Subsection (a) of this section would extend for 1 year (from July 1, 1954, to June 30, 1955) the authority under title VIII of the National Housing Act. This is the title which provides mortgage insurance for rental housing at permanent military installations, or permanent installations of the Atomic Energy Commission.

Subsection (b) of this section would add a provision to section 903 (a) of the National Housing Act which would require that 1- to 4-family defense housing covered by a mortgage insured under that section be held for rental for not less than 4 years after the dwelling is made available for initial occupancy. This requirement would be applied to dwellings where the commitment to insure the mortgage financing the dwelling was issued after the effective date of the Housing Act of 1954.

Section 129. Continuation on standby basis of defense housing and community facilities programs

This section would give the President standby authority to use title IX FHA mortgage insurance authority and the provisions in title III of the Defense Housing and Community Facilities and Services Act of 1951 for Federal aid in the provision of defense housing and community facilities and services in critical defense housing areas. Under the present law the authority for new projects under these two programs expires on June 30, 1954. Your committee believes that a need for this assistance may develop in a few areas and the authority to provide such assistance should be available.

Under this section the President could designate periods after June 30, 1954, when either of these two programs could be used, or he could designate a specific project or projects to be assisted by either of the two programs.

In addition, the Housing and Home Finance Administrator would be authorized to enter into amendatory agreements after June 30, 1954, to provide additional Federal assistance with respect to defense community facilities undertaken on or before such date where he finds it necessary to do so to assure the adequate completion of such facilities. Such amendatory agreements could not involve the expenditure of Federal funds in excess of those available on or before June 30, 1954.

Section 130. Builders' cost certifications—FHA titles VIII and IX

This section would require the builders' cost certification with respect to military and defense rental housing financed with the assistance of FHA titles VIII and IX mortgage insurance to be made in accordance with the new and more restrictive provisions for such certifications prescribed in this bill. Such certifications would be

prescribed in section 227 of the National Housing Act to be added by section 126 of this bill. This would make all cost certifications with respect to multifamily housing under the various FHA programs consistent. The old provisions for certification of costs would be removed from title VIII and section 908.

Section 131. Misuse of the initials "FHA"

As one of the provisions designed to assist in preventing abuses in connection with FHA programs, this section would amend title 18, section 709, of the United States Criminal Code to prevent the use of the initials "FHA" (in addition to the name "Federal Housing Administration") in advertising or names in such a way as to suggest that a dealer or product is in any way connected with or approved by FHA.

This provision would not prohibit an appropriate statement in any advertising relating to the availability of title I financing for the purchase of the products or services advertised.

Section 132. Denial of FHA insurance assistance in cases of abuses—prohibition against using FHA-insured housing for transients in all cases

(a) This section would add a new section 512 to the National Housing Act to authorize the Federal Housing Commissioner to refuse the benefits (either direct or indirect) of participation in FHA insurance programs to persons or firms who knowingly and wilfully violate the letter and spirit of the National Housing Act or the loan-guaranty title of the Servicemen's Readjustment Act of 1944 or the regulations promulgated under either of these acts. Such benefits could also be refused if there has been violation of Federal or State penal statutes in connection with programs under either of the two acts or where there has been material failure to carry out contractual obligations with respect to the completion of construction or repairs financed with assistance under either of the two acts. Persons or firms proposed to be denied such benefits would be given the right of a hearing and to be represented by counsel. These provisions would be applied not only to insured lenders and borrowers, but to builders, contractors, dealers, salesmen, or agents for a builder, contractor or dealer.

The reference to the Servicemen's Readjustment Act of 1944 is included only for the purpose of permitting the FHA to deny the benefits of the National Housing Act to persons who have previously been barred by the Veterans' Administration from certain benefits under the Servicemen's Readjustment Act. Otherwise, builders barred by the VA would be free to take advantage of FHA programs. However, a builder who had been barred by the VA could, if he desires, obtain a hearing on the merits from the FHA as to whether he should also be barred from FHA programs. An FHA determination could not affect the builder's status in the VA program.

(b) This section would also add a new section 513 to the National Housing Act to prohibit the use of new, existing, or rehabilitated multifamily housing for transient or hotel purposes so long as the property is covered by an FHA-insured mortgage. This applies to all such housing, whether or not the project was built with mortgage insurance in past years and regardless of the current need for normal dwelling use of such property in the area or vacancies in the project.

Further, after the effective date of the Housing Act of 1954, no mortgage on such housing would be insured unless the mortgagor certifies under oath that while the FHA-insured mortgage remains outstanding no rental of any portion of any of the project will be permitted for a period of less than 30 days and no hotel services will be offered to or provided for any tenant in the project. The Federal Housing Commissioner would also be directed to enforce this prohibition by all appropriate means at his disposal as to all existing multifamily housing financed with mortgages insured prior to the effective date of the Housing Act of 1954.

Under section 514 of the National Housing Act which would also be added to that act by this section, the Federal Housing Commissioner would be required to investigate within 15 days after receipt of written notice that any portion of a project is being rented or operated as a hotel and if he finds that the project is being used as a hotel or for transient accommodations he shall order that the operation be discontinued. If the operation is not discontinued the Commissioner shall forward the case to the Attorney General of the United States for prosecution. In addition, the Commissioner would be required to petition the court for an order enjoining such operations. If the Commissioner should fail to petition for an injunction any person could file such a petition in the name of the United States and conduct such litigation to its conclusion on behalf of the United States.

Section 133. Study of merger of GI home loan program with FHA insurance program

This section would require the Director of the Bureau of the Budget to report to the Committees on Banking and Currency of the Senate and the House of Representatives not later than February 1, 1955, on the feasibility of merging or consolidating the home loan guaranty functions of the Veterans' Administrator and the mortgage insurance functions of the FHA. The Director would also be required to submit any proposed legislation which would be necessary to carry out his recommendations.

TITLE II—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 201. Continuation of certain FNMA authority

As explained in the introductory statement of this report, the provisions of the bill for rechartering FNMA have been deleted, which would thus permit the FNMA to continue in its present form. However, some technical changes in the law are required in this connection. Thus, this section would provide that all authority of the Reconstruction Finance Corporation with respect to the Federal National Mortgage Association which was transferred to the Housing and Home Finance Administrator and the Housing Agency by Reorganization Plan No. 22 of 1950 would remain in full force and effect notwithstanding the termination of the succession of the Reconstruction Finance Corporation. Under Public Law 163, 83d Congress (the Reconstruction Finance Corporation Liquidation Act), the succession of the Reconstruction Finance Corporation expires June 30, 1954. This section would prevent any question concerning the validity of continuing FNMA secondary market operations after June 30, 1954.

Section 202. FNMA advance commitments for military housing mortgages and Guam housing mortgages

This section would extend from July 1, 1954, to July 1, 1955, the authority of the FNMA to make advance commitments to purchase FHA title VIII military housing mortgages. FNMA would also be authorized to make advance commitments to purchase FHA-insured or VA-guaranteed mortgages covering property in Guam. The original principal amount of the mortgages on property in Guam could not exceed in the aggregate \$15 million. The advance commitment authority of FNMA with respect to disaster housing mortgages and FHA title IX defense housing mortgages will expire July 1, 1954. In addition to the advance commitment authority provided by this section of the bill, FNMA would continue to have authority to make advance commitments to purchase Alaska housing mortgages and any cooperative housing mortgages which may be eligible under the provisions of Public Law 243, 82d Congress.

Section 203. Transfer of functions from the Housing Administrator to FNMA

This section would transfer to FNMA certain technical operating functions of the Housing Administrator regarding FNMA under section 2 of Reorganization Plan No. 22 of 1950, together with the notes and capital stock of FNMA held by the Administrator under that section of the plan.

(NOTE.—See also title VI—Voluntary Home Mortgage Credit Program.)

TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

General

Sections 301 through 311 of the bill would amend title I of the Housing Act of 1949, as amended, which provides for the present slum clearance and community development and redevelopment program. The amendments are designed primarily to assist more effectively local communities in taking action to meet their overall problems of eliminating, and preventing the spread of, slums and urban blight, including action to rehabilitate or improve blighted, deteriorated, or deteriorating areas by broadening the existing law so as to permit the extension of Federal assistance to communities for rehabilitation and conservation type projects, in addition to the present clearance and redevelopment type projects.

Section 301. Change in title

This section changes the present title from Slum Clearance and Community Development and Redevelopment to Slum Clearance and Urban Renewal so as to reflect in the title the new type of activity contemplated by the rehabilitation and conservation feature. In so doing, your committee does not intend to imply in any way that any change is required in the title of any of the enabling laws, many of which are entitled "Slum Clearance and Urban Redevelopment Act," enacted by the various States. Nor is the title of the State enabling legislation pertinent to the determination as to whether a local public agency is eligible for assistance under title I of the Housing Act of 1949. The latter question relates to the substance of the State

enabling laws; that is, whether the local public agency (or agencies, if two or more agencies are jointly undertaking the project) possesses the necessary powers to undertake the project for which the assistance is sought.

Section 302. Urban renewal fund

This section adds a new section 100 to title I of the Housing Act of 1949, as amended, which would provide that the authorizations, funds, and appropriations available to the Housing Administrator under that title would constitute a fund to be known as the urban renewal fund. This fund would be available for advances, loans, and capital grants to local public agencies for urban renewal projects in urban renewal areas. Except as to specific amendments to title I (explained in this summary), such financial assistance would be made available for urban renewal projects in the same manner as it is now made available for development or redevelopment projects under the existing provisions of title I of the 1949 act.

Section 303. Local responsibility and workable program

This section strengthens the present requirements of title I with respect to local responsibility and local action. Existing provisions require the Housing and Home Finance Administrator, in extending financial assistance under title I, to give consideration to the extent to which local public bodies have undertaken positive programs to prevent slums and blighted areas through the adoption and improvement of local codes and to encourage housing cost reductions through use of new materials, and so forth. This requirement, which is applicable even at the initial stage of financial assistance; that is, at the making of the advances for surveys, plans, and other preliminary work for projects, would be broadened to include a consideration of code enforcement.

A further requirement would be added that no contract could be entered into for any loan or capital grant under title I of the Housing Act of 1949, as amended, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, and no mortgage could be insured under section 220 or 221 (explained in connection with sec. 123 of this bill) of the National Housing Act, as amended, unless (1) the locality presents to the Housing and Home Finance Administrator a workable program for eliminating and preventing slums and urban blight and encouraging the rehabilitation or redevelopment of blighted areas or slums, and (2) on the basis of his review of the program the Administrator determines that the program meets the requirements in the law and certifies to the constituent agencies affected that the Federal assistance may be made available in the community. The program must include an official plan of action for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life.

(Because of these new provisions, sec. 313 of the bill would repeal the provisos contained in the First Independent Offices Appropriation Act, 1954, which require (1) The Administrator, before approving a slum-clearance program, to consider the efforts of localities to enforce

local codes relating to health, sanitation, and safety for dwellings, and the feasibility of achieving slum-clearance objectives through rehabilitation of existing dwellings and areas and (2) that the authority under title I of the National Housing Act for FHA insurance of loans for the repair and alteration of structures shall be used to the utmost in connection with rehabilitation needs. The effect of these provisos is now incorporated in title I of the Housing Act of 1949, as it would be amended by this title.)

To assist and further the accomplishment of the fully coordinated administration of this slum clearance and urban renewal program, your committee also added an amendment which would prohibit the delegation or transfer of the final authority vested in the Administrator (a) to determine whether any such workable program meets the requirements of this subsection, (b) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (c) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (d) to determine that the relocation requirements of section 105 (c) of title I of the Housing Act of 1949, as amended, have been met.

Section 302 would also authorize the Administrator to establish facilities (a) for furnishing the communities, at their request, an urban renewal service to assist them in the preparation of workable programs, and to provide them with technical and professional assistance for planning and developing related programs, and (b) for the assembly, analysis, and reporting of information pertaining to such programs.

Section 304. Advances of funds

This section would amend authority of the Housing Administrator to make advances of funds to local public agencies for surveys and plans for urban renewal projects so as to include among the purposes of such advances (a) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (b) plans for the enforcement of State and local laws, codes and regulations relating to the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition or removal of buildings and improvements, and (c) appraisals, title searches and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects.

The section would also amend the authority relating to advances to local public agencies for surveys and plans so that no such advance could be made in connection with any urban renewal project unless the governing body of the locality involved has approved (by resolution or ordinance) the undertaking of the surveys and plans and the submission by the local public agency of an application for the advance of funds.

Sections 305, 306, 307, and 309. Technical changes to cover urban renewal

These sections of the bill make various technical changes needed to include appropriate reference in existing law to the additional rehabilitation and conservation activities authorized by the bill.

Section 308. Reimbursement for inspections

This section of the bill would include as a part of the basic law a provision (now in the First Independent Offices Appropriation Act, 1954) for reimbursement by local public agencies of expenditures by the Housing Administrator for the expenses of inspections and audits and other necessary services at the sites of projects. Such expenditures would be considered non-administrative.

Section 310. Labor standards

In view of the fact that the Department of Labor has indicated that it no longer wants such reports, section 310 of the bill would repeal the requirement that contractors on title I projects make monthly reports to the Secretary of Labor concerning the number of persons on their payrolls, total man-hours worked, itemized expenditures for materials, and the names and addresses of all subcontractors. Also, section 310 of the bill would make it clear that the labor standards requirements of title I apply only to development work financed in whole or in part with funds made available under title I.

Section 311. Urban renewal project; local grants-in-aid; apportionment of costs of public facilities; avoidance of delays in project completion; gross project costs; standards for project eligibility; and definition of local public agency

Under this section of the bill, the term "project," as used in title I, would be redefined (and referred to as urban renewal project) to include: (a) Slum clearance and redevelopment in an urban renewal area (the present slum clearance and urban redevelopment type project), or (b) rehabilitation or conservation in an urban renewal area (the newly authorized rehabilitation and conservation type project provided for by the changes made in title I by this bill), or (c) any combination or part thereof, in accordance with an urban renewal plan. For this purpose, "rehabilitation or conservation" would include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (i) carrying out plans for a program of voluntary repair and rehabilitation of buildings and improvements in accordance with the urban renewal plan (referred to below); (ii) acquisition of real property and demolition or removal of buildings and improvements where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other detrimental uses, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (iii) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of title I in accordance with the urban renewal plan; and (iv) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. The term "project" would continue unchanged the provisions of existing law which exclude the construction or improvement of any building, and any donations made as local noncash grants-in-aid. The provisions of this section which state that the rehabilitation or conservation of blighted areas may include the acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful,

insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities do not mean that any buildings or improvements on land acquired in blighted areas which involve rehabilitation or conservation must be demolished or removed. These provisions represent a permissive grant of power. They make it clear that, if, in any such cases, the buildings or improvements on property which is acquired in a blighted area must be torn down and removed, the cost of doing so may be included in the project cost. But they do not require that such buildings or improvements be torn down. They can be rehabilitated and repaired if that is the most practicable and economical way to prevent or eliminate slums and blight. This is equally true in the case of the present type of slum clearance and redevelopment projects, although in the vast majority of such cases it is probable that, as a practical matter, most of the structures have to be demolished rather than rehabilitated in order to eliminate the slum conditions and permit appropriate and sound redevelopment of the area. However, in any cases involving rehabilitation, rather than demolition, of structures (either in slum clearance and redevelopment type projects, or rehabilitation and conservation type projects, or in combinations thereof), the costs of rehabilitation would not be included in the project cost and would not be financed by the Federal loan. Such costs would either be financed with the funds of the local agency or, in most cases, by the purchaser who would have available for the purpose the special FHA mortgage insurance made available by the bill. Moreover, this bill does not confer any power on the local agency to take any of these actions. That is entirely a matter of State law. If the State law gives the local agency the power to take such actions, this bill recognizes the State law.

Local grants-in-aid.—Under section 311 of the bill, the term "local grants-in-aid," as used in title I, would be redefined to relate, of course, to the urban renewal area and to include any work or improvement, at the cost thereof, which can be included as part of the urban renewal project. It should be noted that the definition of local grants-in-aid would continue to include public buildings or other public facilities (other than publicly owned housing) which are necessary for carrying out the objectives of title I in accordance with the urban renewal plan, so that they would continue to be included in the computation of Federal and local grants-in-aid. However, as now provided by existing law, no loans could be made for the construction of such buildings as they would continue to be excluded from the definition of "project."

The bill, as passed by the House, would also exclude from local grants-in-aid any revenue-producing public utilities, the capital cost of which is financed by service charges or special assessments. Your committee eliminated this provision from the bill. For the purposes of determining local grants-in-aid, the method of financing any utility involved should have no effect on the Federal assistance if the local financing is derived from sources other than the Federal Government. The provision would result in inequities to communities as some finance certain utilities entirely by assessments and others finance such utilities only partly by assessments. Some charge rates covering more than the original cost of the utility to cover operation and maintenance, and others charge rates just for operation and maintenance. Some

communities also finance utilities partly from the proceeds of revenue bonds or partly from general obligation bonds, or both.

Apportionment of costs of public facilities.—Under existing law, where a park, playground, or other public facility primarily serves the redevelopment project area, its entire cost may be counted as a local grant-in-aid even though it serves other areas to some extent. Also, under existing law, where any such public facility directly serves both the project area and other areas, the Administrator may provide, in computing the local grant-in-aid, for an appropriate apportionment of cost. There is at present no statutory guide (other than general guides such as the use of the word “primarily”) for determining when the cost will be apportioned. A clarifying amendment made by section 311 of this bill provides that there shall be such apportionment in all cases where the approximate degree of the benefit to areas outside the urban renewal area is estimated at 20 percent or more of the total benefits derived from the park, playground, public building, or facility.

This provision of the bill does not mean that the benefits to an urban renewal area resulting from the provision of a public facility or improvement, however small such benefit may be, must be apportioned and the appropriate portion of the cost thereof included as a local grant-in-aid. On the contrary, it is expected that the Administrator would, by administrative regulation, provide that no case would be considered for apportionment and inclusion of an appropriate portion of cost as a local grant-in-aid where the degree of benefit resulting to an urban renewal area from the provision of a public facility or improvement was estimated to be, for example, 10 percent or less of the total benefits.

Avoidance of delays in project completion.—Another amendment to facilitate title I operations which would be made by section 311 of the bill provides that, for the purpose of computing the amount of local grants-in-aid, the estimated cost (as determined by the Housing Administrator) of parks, playgrounds, and public buildings, or other public facilities may be deemed to be their actual cost if (a) their construction is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (b) the Administrator has received assurances satisfactory to him that such park, playground, public building, or facility will be constructed or completed when needed and within a time prescribed by him. This is designed to avoid delay and expense resulting from the requirements of existing law that prevent the winding up of a project until the completion of all public facilities being built by the community as local grants-in-aid.

Gross project costs.—Although the “two-thirds one-third” formula for Federal local grants now in the law is not changed, the title I amendments described above have the effect of authorizing the Federal Government to share in the cost of additional facilities and activities required to make possible sound clearance and redevelopment or neighborhood restoration and renewal which are provided by the local community in an urban renewal area. Thus, for example, the gross project cost may now include (in addition to costs in connection with planning and carrying out slum clearance and redevelopment as now authorized in the law), public expenditures in connection with:

(a) Carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;

(b) Acquisition of real property and demolition or removal of buildings and improvements (and disposition of property) in the urban renewal area (which it is contemplated will be broader than the old project area) where necessary to eliminate unhealthful, insanitary, or unsafe conditions, lessen density, eliminate obsolete or detrimental use, or to otherwise remove or prevent the spread of blight or deterioration;

(c) Installation, construction or reconstruction of streets, utilities, parks, playgrounds and other improvements (which need not be in a slum-clearance area) necessary for carrying out in the urban renewal area objectives of title I in accordance with the urban renewal plan.

However, under title I, as amended, the Federal Government would in no way share in the cost of such other facilities and activities connected with the urban renewal program as the actual repair or rehabilitation work on private property, or the enforcement of local codes relating to the use and occupancy of buildings, or relating to their compulsory repair, rehabilitation, removal, or demolition (other than planning therefor in connection with urban renewal projects).

Standards for project eligibility.—Under existing law, to be eligible for financial assistance a project must result either in the elimination of slum housing or in the production of good housing in a well-planned, residential neighborhood. Thus, under the provisions of existing law, financial assistance may be made available for clearing a slum area, or a blighted residential area, whether it is to be redeveloped for either residential use, or commercial or industrial use, or a combination of such uses. However, if the area is not presently predominantly residential in character, financial assistance may be made available only if the area is to be redeveloped for predominantly residential uses.

The bill as passed by the House deleted these existing provisions of law and substituted provisions which would have established as the general criteria of eligibility the achievement of "sound community objectives for the establishment and preservation of well-planned residential neighborhoods." Your committee felt that such general criteria were too vague and could be construed in such a way as to permit a major change in the basic objective of the existing law. Accordingly, your committee substituted a provision (included in sec. 311 of the bill) designed to retain essentially the same provision of existing law in this respect and thus assure that the principal and primary purpose of the existing law would be retained. The provision substituted by your committee requires that no assistance may be made available for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project. However, the aggregate of the capital grants made with respect to such projects is limited to 10 percent of the total amount of capital grants authorized by this title.

Local public agency.—Because of the broadened scope of the activities to be carried on under an urban renewal project, some of the actions to be performed by the local community will, in the case of many cities, fall within the jurisdiction both of city departments and of local redevelopment agencies having a separate corporate existence. It may therefore be appropriate to have a city and a local redevelopment agency join as parties to a contract for Federal aid under the title. In order to make it clear that, in such cases, 2 or more agencies may jointly undertake projects and may obtain Federal financial assistance therefor, the definition of "local public agency" has been changed so that it may include 2 or more of the entities which are listed under the present definition of local public agency.

Section 312. Savings provision

This section of the bill is a savings provision to permit, after the enactment of the amendments proposed in this title, the completion, under present statutory authority, of projects initiated, or under contract for plans and surveys, prior to the date of legal effectiveness of the proposed amendments of title I of the Housing Act of 1949, as amended. The enactment of this section is necessary (a) to obviate difficult administrative problems involved in the transition from the present more limited slum clearance and urban redevelopment program to the broader urban renewal program and (b) to recognize the Federal Government's obligation to cities and other public authorities which in good faith have already entered into contracts for slum clearance and urban redevelopment projects on the basis of title I prior to the major amendments provided in this bill and which will have projects at various stages of advancement when the amendments made by this bill become effective.

Section 313. Repeal of Appropriation Act provisos

This section of the bill would repeal the provisos contained in the First Independent Offices Appropriation Act, 1954, which require (a) the Administrator, before approving a slum-clearance program, to consider the efforts of localities to enforce local codes relating to health, sanitation, and safety for dwellings, and the feasibility of achieving slum-clearance objectives through rehabilitation of existing dwellings and areas; and (b) that the authority under title I of the National Housing Act for FHA insurance of loans for the repair and alteration of structures shall be used to the utmost in connection with rehabilitation needs. The effect of these provisos is now incorporated in title I of the Housing Act of 1949, as it would be amended by this title.

Section 314. Grants to localities for developing slum prevention and elimination techniques

This section of the bill would authorize special grants to localities to assist them in developing, testing, and reporting on improved techniques for preventing and eliminating slums and urban blight. Grants would be limited to two-thirds of the cost of the undertakings. Aggregate grants under this section would be limited to \$5 million, to be obtained from the authorization for other grants authorized by title I of the Housing Act of 1949.

Sections 315 and 316. District of Columbia participation in urban renewal

These sections of the bill would make technical changes in the District of Columbia Redevelopment Act of 1945, as amended, which would extend that act to urban renewal activities of the type which could be assisted under the amendments of title I of the Housing Act of 1949 contained in the bill. They would thus be enabling provisions for the District of Columbia with respect to urban renewal activities. These provisions of the bill also make it clear that the District Commissioners, rather than the District of Columbia Redevelopment Land Agency, have the responsibility for requesting necessary funds to prepare the "workable program" required of communities to make them eligible for urban renewal assistance under that act. This would be consistent with other similar requests for funds. Also, the National Capital Planning Commission would be specifically named as one of the agencies in the District of Columbia which would be authorized to exercise local powers with respect to urban renewal.

Under this section of the bill, it is intended that the National Capital Planning Commission will continue to have the rights and powers pertaining to redevelopment as authorized by the District of Columbia Redevelopment Act of 1945, as amended, and in addition the Planning Commission will have the same rights and powers in connection with both slum clearance and urban renewal.

By repealing limitations in existing law, the appropriate officials of the District of Columbia would be permitted to decide whether redevelopment projects should be undertaken in the Barry Farms and Marshall Heights areas of the District of Columbia.

TITLE IV—LOW-RENT PUBLIC HOUSING

Section 401. Restoration of Housing Act of 1949 low-rent public housing program—preferences for admission to public housing

This section would provide for continuation of the low-rent public housing program at the rate authorized in the Housing Act of 1949, as discussed in the introductory statement of this report. Although this act has not been amended to restrict the program, the provisions of other laws have limited the number of units which could be constructed and have prohibited new contracts for Federal assistance to such housing. The total program authorized by the act is 810,000 units.

Of the total of 810,000 units authorized by the Housing Act of 1949, 192,633 will have been authorized for construction by June 30, 1954, leaving a balance of 617,367. Under the bill, these remaining 617,367 could be placed under construction in future years, with the President controlling, through the budget process, the number of these units to be placed under construction in any fiscal year, subject, of course, to the limitation contained in the Housing Act of 1949 that in no event shall the commencement of the construction of more than 200,000 units be permitted in any fiscal year.

This section would also amend the preference provisions with respect to admission to low-rent public housing. The existing preference provisions for admission to low-rent housing provide a first preference only to families which are to be displaced by a low-rent project or by

a public slum clearance or redevelopment project, or which were so displaced within 3 years prior to making application for admission. The section would extend this preference provision to families which are to be displaced through other public actions. Thus, the same preference would be applicable to families who are to be displaced because a building, health, sanitary, or other code relating to housing standards prohibits the family from living in that particular dwelling for reasons such as overcrowding or failure of the dwelling to meet minimum standards of light, air, sanitation, etc.; or through closing of the dwelling through public action because it is unfit; or through demolition of the dwelling by public action for the construction or widening of a highway or bridge even though not connected with redevelopment or urban renewal. The preferences would also be applicable to families who are required to move because they cannot afford the increased rent caused by improvement of a dwelling unit to bring it into compliance with housing standards prescribed by laws or codes. In order to permit proper programing of relocation activities, local housing authorities are authorized to grant prior preference as among projects or actions entitled to preference. Veterans would continue to be preferred within each preference group.

This section would also extend to March 1, 1959, the present provision in the United States Housing Act of 1937, as amended, waiving, in the case of veterans, the requirement that applicants for admission to a low-rent public housing project must have lived in substandard housing. This provision in the 1937 act expired March 1, 1954.

Section 402. Payments in lieu of taxes

This section is designed to make mandatory on a local housing authority any payments in lieu of taxes stipulated in its cooperation agreement with the local governing body. This agreement would provide for payments in lieu of taxes of 10 percent of shelter rents unless State law prescribes a lesser amount or unless the local governing body agrees to a lesser amount. The agreement would also provide for offsetting against such payments any claims by the public housing agency against local bodies due to their failure to meet their obligations under the agreement. However, in any case where it appears at the time the cooperation agreement is entered into that tax exemption, less a 10-percent payment in lieu of taxes, would not result in a local contribution to the project equal to at least 20 percent of the Federal contributions, the payments in lieu of taxes to be provided in the agreement would be limited to an amount, if any, determined year by year which will not reduce the local contributions below such 20 percent.

The section also provides that the localities may elect, if they so desire and if permitted by State law, to make the project subject to full taxes on condition that the locality pays to the project in cash the difference between full taxes and 10 percent of shelter rents but not less than 20 percent of the Federal contribution to the project.

In either case the local public housing authority must inform the local governing body, before the Federal annual contributions contract is executed, its estimate (in the case of a tax-exempt project) of the annual amounts to be paid in lieu of taxes and of the amount of taxes

which would be levied if the property were privately owned, or (where the project is taxed) the estimated amount of the local cash contribution. Actual figures must thereafter be published in the local authority's annual report.

This section also permits existing annual contributions contracts to be amended in accordance with the above provisions and deletes obsolete provisions.

Section 403. Self-liquidation of public housing

This section is designed to make the federally assisted public housing program self-liquidating, so far as possible. It provides that after the obligations for which annual contributions are pledged are paid in full, receipts in excess of necessary expenses of administration of the project, and of reasonable reserves therefor, must be paid to the Federal Government, and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Government and such local bodies have each made to the project, but not to exceed their respective contributions. Meanwhile, only debts for necessary expenditures of the project can be incurred by the local housing authority.

In the event the project is sold at any time (either before or after its cost has been liquidated), it must be sold to the highest bidder after advertising, or at fair market value; and the proceeds of such sale together with any reserves held in connection with the project, after all outstanding debts in respect to the project have been paid, must be paid to the Government and to the local public bodies in a proportion based on the aggregate contribution which the Government and the local bodies have made to the project, but not to exceed their respective contributions.

This section is a recognition of the fact that the useful life of well-constructed low-rent housing extends far beyond the life of the bonds and Federal contracts relating to the project, and that it is equitable (whether the project is continued in low-rent use or, if no longer needed for that purpose, is sold or rented for other than low-rent use) that any rents or proceeds therefrom should be returned to the Government and to the local community in proportion and to the extent of their respective contributions to the project.

Section 404. Repeal of labor reporting requirements

This section would repeal section 16 (6) of the United States Housing Act of 1937, which requires certain reports to the Department of Labor which the Department no longer desires. Section 16 (6) requires contractors engaged on any low-rent housing project to make monthly reports to the Secretary of Labor concerning the number of persons on their payrolls, total man-hours worked, itemized expenditures for materials, and the names and addresses of all sub-contractors.

*Section 405. Requirements of tenants of low-rent public housing—
GAO audit*

This section would add provisions to the United States Housing Act of 1937, as amended, which would require that all tenants of low-rent public housing shall be citizens of the United States, or persons

who have made application for citizenship, except that this requirement would not be applied to the family of any serviceman or veteran.

A provision would also be added to the United States Housing Act of 1937 which would require expenditures for the payment of annual contributions to low-rent public housing to be subject to audit and final settlement by the General Accounting Office. This provision has been carried in appropriation laws and would now be made a permanent part of the low-rent public housing law.

For purposes of consistency with action taken by your committee on related provisions (see introductory statement of this report), provisions in the 1953 and 1954 Independent Offices Appropriations Acts would be repealed which prohibit occupancy of low-rent public housing by any person who is a member of an organization designated as subversive by the Attorney General of the United States.

Section 406. Procedure in cases of local decision to sell low-rent public housing

This section would add a new provision to the United States Housing Act of 1937 with respect to procedures to be followed where a local community by resolution or ordinance, or by referendum, has determined that a low-rent public housing project should be sold to private ownership. In such case, the Public Housing Administration would agree that the project could be sold upon payment and retirement of all outstanding obligations (with interest, etc.) in connection with the project. Proceeds from the sale of the project in excess of the amounts required to cover such outstanding obligations would be paid to the Public Housing Administration and the local housing authorities in proportion to their aggregate contributions to the project. The sale would be made to the highest bidder after public advertising.

TITLE V—HOME LOAN BANK BOARD

Section 501 (1). Providing for service of process on Federal Savings and Loan Insurance Corporation

While the Federal Savings and Loan Insurance Corporation is subject to suit under the present law, there is no provision specifically relating to the method of service of process on the Corporation. Accordingly a question exists as to whether service may be made upon the Corporation anywhere outside the District of Columbia. This section would provide a method whereby service may be obtained on the Corporation anywhere by service upon an agent and the mailing of a copy of the process by registered mail to the Corporation at Washington, D. C. It is expressly stated in these new provisions that they shall not be applicable to any pending action or suit or to any action or suit involving the subject matter, or any part of the subject matter of a pending action or suit.

Section 501 (2). Statute of limitations in enforcement of claim for payment of insurance

This subsection would amend section 405 of the National Housing Act by adding a new subsection (c) which would bar the enforcement of a claim against the Federal Savings and Loan Insurance Corporation for the payment of insurance after the expiration of 3 years from the

date of default. If, however, within this 3-year period the receiver or conservator recognizes the claim but the Federal Savings and Loan Insurance Corporation denies its validity, the action may be brought within 2 years from the date of such denial.

Section 501 (3). Termination of insurance by FSLIC

Under existing law, the Federal Savings and Loan Insurance Corporation is authorized, after giving notice and opportunity for hearing, to terminate the insured status of an institution for violation of its duty as such. This subsection would expressly extend that authority to the termination of the insured status of an institution continuing unsafe or unsound practices in conducting its business. The authority which would be granted by this provision is similar to the authority which the Federal Deposit Insurance Corporation now has with respect to institutions having accounts insured by it. In testimony before your committee, representatives of the General Accounting Office proposed this provision.

Section 502. Increase in amount of home mortgage as collateral for advances

This section would increase the maximum home mortgage acceptable as collateral security for an advance by a Federal home loan bank from \$20,000 to \$35,000 to be consistent with the proposed increase in the maximum amount of loans by Federal savings and loan associations from \$20,000 to \$35,000, as would be authorized by section 503 of this bill.

Section 503 (1). Increase in maximum amount of loan by Federal savings and loan associations

This section would amend section 5 (c) of the Home Owners' Loan Act of 1933 to increase the maximum dollar amount of a home loan which may be made by a Federal savings and loan association from the present maximum of \$20,000 to a maximum of \$35,000. The present \$20,000 maximum has been in existence since 1933. This would not change the existing provisions of section 5 which permit associations to make loans without regard to this limitation to the extent of 15 percent of the assets of an institution.

Section 503 (2). Enforcement of rules and regulations governing operations of Federal savings and loan associations and appointment of conservators and receivers

This section would revise subsection (d) of section 5 of the Home Owners' Loan Act of 1933. Under present provisions of the act the appointment of a conservator or receiver is the only means the Home Loan Bank Board has to enforce the law and regulations under which Federal savings and loan associations operate. The revised subsection would provide a means by administrative and court proceedings whereby the Board could enforce compliance with law and regulations by Federal savings and loan associations in cases where the Board felt that the appointment of a conservator or receiver was not necessary or desirable. Any association charged with the violation of any regulation or of law would have 30 days after receipt of a formal resolution setting out the violations within which to correct the alleged violations. If there is no compliance during this period provision is

made for a hearing on 20 days' notice to consider the alleged violation. After hearing and adjudication an appeal shall lie by a review of the court of the hearings. The review of the court shall be upon the weight of the evidence. The hearings and court proceedings may be in the Federal judicial district in which the association is located.

This subsection also provides the procedure for the appointment of conservators, receivers, and supervisory representatives. The specific grounds authorizing the appointment of a conservator or receiver are set out. No conservator or receiver may be appointed except pursuant to a formal resolution stating the grounds for the appointment and until an opportunity for an administrative hearing is afforded to the association. If, however, any of the grounds exist for the appointment of a conservator or receiver and the Board determines an emergency exists, it may appoint a supervisory representative without notice to take charge until the appointment of a conservator or receiver.

None of the new provisions relating to jurisdiction, venue, service of process, or suability of the Board would be applicable to any pending court action or suit.

Section 503 (3). Increase in authorized investment in unsecured loans for home repair and improvement

This subsection would increase from \$1,500 to \$2,500, the maximum amount of an unsecured loan in which a Federal savings and loan association could invest.

TITLE VI—VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

This title would provide for a voluntary home mortgage credit program. In general, its provisions follow a plan suggested on behalf of the American Life Convention and the Life Insurance Association of America, and testimony presented to your committee indicated that it has the support of a majority of the life-insurance companies. The need for this program and its relationship to the secondary market operations of FNMA were discussed in the introductory statement of this report.

Section 601. Declaration of policy

This section declares it to be the policy of Congress—

(a) To seek the constant improvement of the living conditions of the people under a strong, free, competitive economy, and to take such action as will facilitate the operation of that economy to provide adequate housing;

(b) To provide a means of financing housing within the framework of the private-enterprise system and without vast expenditures of public moneys;

(c) To encourage and facilitate the flow of funds for housing credit into remote areas and small communities where such funds are not available in adequate supply; and

(d) To assist in the development of a program whereby private mortgage lenders can make a maximum contribution to the economic stability and growth of the Nation through extension of the market for insured or guaranteed mortgage loans.

Section 602. Definitions

This section would define terms used in title VI.

Section 603. National Voluntary Mortgage Credit Extension Committee

This section would establish a National Voluntary Mortgage Credit Extension Committee, called the national committee, which would consist of the Housing and Home Finance Administrator as chairman and other persons appointed by the Administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

(c) Two representatives of real-estate boards.

The Housing Administrator would also be required to request the Board of Governors of the Federal Reserve System, the Home Loan Bank Board, and the Administrator of Veterans' Affairs to designate a representative of the two Boards and the Veterans' Administration, respectively, to serve on the national committee in an advisory capacity. In selecting and appointing the members of the national committee (and regional committees referred to below), the Housing Administrator would be required to give due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Such persons appointed by the Administrator would serve on a voluntary basis.

Section 604. Regional subcommittees

Subsection (a) of this section would require that, as soon as practicable, the national committee divide the United States into regions conforming generally to the Federal Reserve districts, and that the Housing Administrator, after consultation with the other members of the national committee, designate for each such region five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the national committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans.

Subsection (b) of this section would authorize the Housing Administrator to provide office space and staff assistance to a regional subcommittee and to utilize for this purpose the services of the Federal home loan banks and the Federal Reserve banks (after making arrangements with the Chairman of the Federal Reserve Board).

Sections 605, 606, and 607. Function of national committee and of regional subcommittees

Section 605 provides that the function of the national committee and the regional subcommittee shall be to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles.

Section 606 would require the national committee to study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and to receive reports from and correlate the activities of the regional subcommittee. It would also be required to periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the national committee and regional subcommittees in performing their function and, to the extent practicable, maintain liaison with State and local government housing officials in order that they may be fully apprized of the function and work of the national committee and regional subcommittees. The Housing Administrator would be required to, not later than April 1 in each year, make a full report of the operations of the national committee and the regional subcommittees to the Congress.

Subsection (a) of section 607 would require each regional subcommittee to make studies in its region for the national committee, to maintain liaison with local FHA and VA officials, and request such officers to furnish information on unsatisfied demand for loans eligible for FHA insurance or VA guaranty.

Subsection (b) of section 607 would authorize a regional subcommittee to assist any applicant in obtaining private financing for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

(3) the applicant is eligible for insurance or guaranty under the Servicemen's Readjustment Act of 1941, as amended, or consents that the mortgage to be issued as security for the loan be insured under the National Housing Act, as amended.

Similar assistance would be authorized to a person who has made application for a direct VA housing loan, and to financial institutions seeking to locate other institutions willing to repurchase these mortgage loans.

Subsection (c) of section 607 would authorize a regional subcommittee to request the national committee to obtain the aid of other regional subcommittees in seeking sources of mortgage credit, and to request assurances from financing institutions that they will make funds available for Government insured or guaranteed home mortgages in any specified areas.

Section 608. Regulations of Administrator

This section would authorize the Housing Administrator, after consultation with the national committee, to issue general rules and procedures for the effective implementation of title VI and for the functioning of the regional subcommittees.

Sections 609, 610, and 611. General provisions

Section 609 would waive any application of the antitrust laws or the Federal Trade Commission Act to functions under title VI.

Section 610 is the usual savings clause.

Section 611 provides that the authority of title VI shall expire June 30, 1957, or prior thereto by concurrent resolution of Congress.

TITLE VII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS*Section 701. Urban planning*

This section would provide Federal assistance to facilitate urban planning for smaller communities lacking adequate planning resources, and to aid metropolitan and regional planning. It would authorize the Housing and Home Finance Administrator to make planning grants to State planning agencies for the provision of planning assistance to cities and other municipalities with populations of less than 25,000. To assure a broad and effective use of such grants, they would be made only to the State agencies and could not be passed on by such agencies to municipalities or other local groups. The Administrator would also be authorized to make grants to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform planning work in metropolitan and regional areas. The planning which would be assisted would include surveys, land-use studies, urban renewal plans, technical services, and other planning work. Grants would not be made for planning specific public works. The grants under this section would not exceed 50 percent of the estimated cost of the work for which the grant is made. Five million dollars would be authorized to be appropriated for the grants, and appropriations would remain available until expended.

Section 702. Reserve of planned public works

This section would provide for the resumption of Federal aid to assist in the advance planning of State and local non-Federal public works. The Housing and Home Finance Administrator would be empowered to make advances to the States, their agencies and political subdivisions, for the planning of public works (other than housing) which conform to an overall State, local, or regional plan approved by a competent State, local, or regional authority. Any such advance would become repayable in full, without interest, if and when the construction of the public works contemplated by the advance was undertaken or started. However, if payment is not made promptly when due, the unpaid amount of the advance would bear interest at the rate of 4 percent per annum from the date the Federal Government made demand for repayment. Applicants for advances would be required to establish a separate planning account into which Federal funds and local funds required for plan preparation would be placed. This account would have to be established prior to disbursement of any Federal funds.

As indicated by the section, its purpose is to encourage the States and other non-Federal public agencies to maintain a continuing and adequate reserve of planned public works (exclusive of housing) the construction of which can be quickly commenced when the economic situation may make such action desirable.

Authority is included to appropriate not to exceed \$10 million to effectuate the purposes of the section. Amounts so appropriated would remain available until expended. The authority to make advances would expire July 1, 1957.

Section 703. Definitions

This section would define the term "public works" to include any public works other than housing. Other terms used in this title would also be defined.

TITLE VIII—SMOKE ELIMINATION AND AIR-POLLUTION PREVENTION

This title would authorize Federal aid to smoke elimination and air-pollution prevention and elimination through research and Federal loans.

Section 801. Objective

This section would declare that smoke elimination and air-pollution prevention are important factors in the prevention and rehabilitation of slums and blighted areas and in the conservation of the health and property of the people of the United States.

Section 802. Research

This section would direct the Secretary of Health, Education, and Welfare to undertake and conduct a program of technical research and studies concerned with (a) the causes of air pollution and excessive smoke, (b) devices, structures, machinery, equipment, and methods (including methods of selecting and using fuels) for the prevention or elimination of excessive smoke and air pollution, and (c) guidance and assistance to local communities in smoke abatement and air-pollution prevention and control. Up to \$5 million would be authorized to be appropriated to carry out the research program.

The Secretary of Health, Education, and Welfare would be authorized to make contracts with any Federal, State, or local public agency or instrumentality, educational institution, or nonprofit agency or organization for the research and studies authorized by this section. Other general provisions necessary for the conduct of the research program would also be enacted by this section and the Secretary would be directed to disseminate the results of the research and studies in such form as may be most useful to industry and to the general public.

Section 803. Loans

This section would provide for a program of Federal loans by the Housing and Home Finance Administrator in cooperation with private lending institutions to business enterprises to aid them in financing the purchase, installation, construction, reconstruction, or remodeling of any smoke abatement or air-pollution prevention device, structure, machinery, or equipment used or to be used in connection with the business activities of the borrower.

A loan would not be made by the Housing and Home Finance Administrator unless he determines that the purpose for which the loan is to be used would (1) substantially reduce the amount of smoke or air pollution or contamination in the community in which the device, structure, machinery, or equipment is located or to be located or (2) in conjunction with other proposed action in the community,

substantially reduce the amount of such smoke pollution or contamination.

Also, the loan would not be made unless the borrower is unable to obtain such a loan from private sources on reasonable terms. Further, the section would provide that loans made may be made subject to the condition that, if at any time the business enterprise can obtain funds from other sources at interest rates as low as or lower than provided in the loan contract, it can do so with the consent of the Housing and Home Finance Administrator without waiving any rights to loan funds under the contract for the remainder of the life of the contract, and the borrower may pledge the loan contract as security for the repayment of the loan obtained from other sources. When used, this is in the nature of an insurance operation. It makes unnecessary the actual use of Federal funds. It has been used successfully in slum-clearance programs.

The loans would be made in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise. The loans made would be reasonably secured, and would be repaid within such period, not exceeding 20 years, as the Housing and Home Finance Administrator may determine. They would bear interest at a rate of not less than 1 percent plus the base annual rate specified by the Secretary of the Treasury as applicable to the 6-month period during which the contract for the loans is made. The base annual rate would be determined by the Secretary of the Treasury by estimating the average market yields during the month of May or November next preceding the 6-month period on Federal marketable bonds having a remaining maturity of 15 or more years. The present base annual rate is $2\frac{1}{8}$ percent, which would, therefore, provide for an interest rate at this time on the loans authorized by this section of $3\frac{1}{8}$ percent or such higher rate as the Housing and Home Finance Administrator could establish in his discretion.

The total amount of loans made by the Housing and Home Finance Administrator pursuant to this section would not be permitted to exceed \$50 million outstanding at any one time. Funds would be authorized to be appropriated to carry out the loan program and the loan funds would revolve.

To assure national distribution of the loans the section would provide that not more than 10 percent of the funds provided shall be expended in any one State.

Section 804. FHA loan insurance

This section would provide that the authority of the Federal Housing Commissioner shall be used to the fullest extent possible to encourage and assist home conversion and improvement loans which would aid smoke abatement and air pollution prevention.

Section 805. Definition

This section contains a technical definition of "State."

TITLE IX. MISCELLANEOUS PROVISIONS

Section 901. Builders certification as to construction

Section 901 requires the builder or seller of a single, 2-, 3-, or 4-family residence, which has a mortgage insured or guaranteed by the FHA or VA, to certify that the dwelling was constructed in conformity with the plans and specifications (including any amendments, on which the FHA or VA based its valuation. The FHA or VA must deliver to the person making the certification its written approval of any amendment to the plans and specifications and also file a copy of the approval with the plans and specifications. The certification applies only when the purchaser notifies the person making the certification that there has been nonconformity to the plans and specifications within 1 year from the date of conveyance of title or initial occupancy, whichever occurs first. The FHA and VA are required to have copies of the plans and specifications (including the written approval of amendments) on file in their appropriate local offices for inspection and copying by the person making the certification or by the purchaser. The certification requirement is in addition to, and not in derogation of, all other rights the purchaser may have under any law or instrument.

Section 902. Continuation of veterans' direct home-loan program—Home repair loans

This section would amend the Servicemen's Readjustment Act of 1944, as amended, to continue for an additional year (to June 30, 1955) the authority of the Veterans' Administrator to make direct home loans to veterans where they cannot get loans on as favorable terms, to provide additional funds for such loans, and to permit the maximum guaranty entitlement of \$7,500 to apply to loans for alterations, improvements, and repairs, as well as the purchase and construction of residential property.

Subsections (a) through (e) would amend the Servicemen's Readjustment Act of 1944, as amended, to provide for extending the authority of the Veterans' Administrator to make direct home loans to veterans pursuant to section 512 of that act. Authority would also be given to VA to sell these loans to "any person or entity approved for such purpose" by the Veterans' Administrator, rather than at present to "any private lending institution evidencing ability to service loans." This is intended to encourage a turnover in the VA direct-loan portfolio.

Subsection (f) would provide an additional \$100 million for direct home loans to veterans.

Subsection (g) would amend section 501 (b) of the Servicemen's Readjustment Act of 1944, as amended, to permit the maximum home loan guaranty entitlement of \$7,500 to apply to loans for alterations, improvements, and repairs, as well as the purchase and construction of residential property. Under the existing law a veteran who has used his guaranty entitlement in acquiring a home has additional entitlement for repair loans only if he used less than \$4,000 of his entitlement in acquiring the home.

This amendment was in the bill as reported by the House Committee on Banking and Currency. However, it was in title II of the bill (relating primarily to mortgage interest rates and terms) which was stricken from the bill as it passed the House.

Your committee has added a provision to this amendment stating that no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed unless the repair, alteration, or improvement would substantially protect or improve the basic livability or utility of the property involved. This would help to prevent some of the same defects in this program as have developed in the FHA title I home loan repair program.

Section 903. Public agency loan authority placed in Housing Administrator

Subsection (a) of this section would amend section 108 of the Reconstruction Finance Corporation Liquidation Act to provide that the Housing and Home Finance Administrator would be authorized to make the loans to State and local agencies for public projects which are authorized by that section. Under the present provisions of section 108, the function of making the public agency loans is in the President or such officer or agency as he may designate.

This subsection would also amend section 108 (b) of the RFC Liquidation Act to establish a \$50 million revolving fund in the Treasury from which the Housing Administrator would obtain funds for the public agency loans. That amount would be appropriated by this section to the revolving fund. The Housing Administrator would pay into the Treasury annually as miscellaneous receipts interest on the amount of advances received by him from the revolving fund at a rate determined by the Secretary of the Treasury. In determining the interest rate, the Secretary of the Treasury would take into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

This subsection would provide that the Housing Administrator would have the necessary powers authorized in the RFC Liquidation Act to carry out the public agency loan program. The termination of the public agency loan program would be extended from June 30, 1955, to June 30, 1957 by subsection (d) of this section.

Subsections (b) through (e) of section 903 of the bill would change the expiration of the succession of the RFC from June 30, 1954, to the date upon which the RFC is dissolved pursuant to law. The Secretary of the Treasury is now authorized by law to make certain findings after prescribed actions are taken, and thereupon the RFC is dissolved by law.

Section 904. Disposition of housing

Paragraph 1 of this section would add provisions to section 605 (a) of "An act to expedite the provision of housing in connection with national defense, and for other purposes" (the so-called Lanham Act) to authorize the Housing Administrator, subject to certain prescribed conditions, to acquire by purchase or condemnation fee simple title to lands in which he holds a leasehold interest, or other interest less than a fee simple, which was acquired by the Federal Government for housing for defense purposes or for veterans. This provision is designed primarily to assist the Housing Administrator to dispose of housing in Richmond, Calif.

Paragraph 2 of this section would add a new subsection (g) to section 607 of the Lanham Act. This new provision would in certain unusual types of situations permit the waiver of the requirements in

the Lanham Act for veterans' preference in the purchase of housing which is being disposed of. Your committee has given this provision careful consideration since it has no desire or intention to dilute or weaken the general policy of veterans' preferences in housing. It has been found, however, that the types of situations which would be covered by this provision are such that following the requirements of the Lanham Act in extending veterans' preference in the disposal of the housing would not really accomplish the purpose of the veterans' preference provisions.

Therefore, this section would authorize the Housing Administrator to dispose of certain types of permanent war housing without regard to preferences when he determines that the housing——

- (1) is unsuitable for family dwelling use;
- (2) is being used at the time of disposition for other than dwelling purposes; or
- (3) was offered with preferences substantially similar to those provided in the act to veterans and occupants prior to the enactment of the preference provisions.

An example of the first type of exception is a building which was converted into housing from a mill and because of its nature and location is more suitable for use as a commercial structure. The second class consists of housing converted to stores, schools, etc., and it is more desirable both from the standpoint of other veterans who purchase houses in the project and from the standpoint of the community that the existing nonhousing use continue.

Paragraph 3 of this section would authorize the Housing Administrator (by adding a new section to the Lanham Act) to convey without consideration demountable housing in the area of San Diego, Calif., to Indian tribes in San Diego County or Riverside County, Calif., if the Secretary of the Interior certifies that the housing is needed to provide dwelling accommodations for members of the Indian tribe. The housing could be conveyed to the Secretary of the Interior in trust for the Indians, to members of the tribe, or to the tribe, as the Secretary of the Interior may prescribe. The authority to convey without consideration would not include land.

Section 905. Disposition of housing under the Defense Housing Act of 1951

Section 302 (b) of the Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong.) authorized the Housing and Home Finance Administrator to provide temporary housing of a mobile or portable character (or otherwise so constructed so as to be available for reuse at other locations) where he determined it necessary to provide housing under that act in locations where there appeared to be no need for such housing beyond the temporary period of occupancy by persons engaged in national-defense activities. That section also provided that this housing of a temporary character——

shall be disposed of by the Administrator not later than the date, and subject to the conditions and requirements, hereinafter prescribed by the Congress * * *.

Section 905 of this bill would provide the disposition procedure "prescribed by the Congress," as referred to in the above quotation from the Defense Housing and Community Facilities and Services Act of 1951. Under this section, any temporary housing constructed or acquired by the Government under that act which the Adminis-

trator determines is no longer needed for its purposes would have to be sold (unless transferred to the Department of Defense or the General Services Administration under other law) as soon as practicable to the highest responsible bidder after public advertising. However, if one or more of the bidders is a veteran purchasing a dwelling unit for his own occupancy, the sale of the unit would have to be made to the highest responsible bidder who is a veteran so purchasing. Your committee understands that a veteran given the preference provided in this section would be required to certify that he is a veteran, as defined in Public Law 139, and that he is purchasing the dwelling involved for his own occupancy. It is the intention of your committee that the Administrator may rely upon the facts stated in this certification for the purpose of making the sale, and that he shall not be required to investigate or take any other action with respect to the eligibility of the veteran. The accuracy of the facts stated in the certification are not intended, of course, to affect the validity of any conveyance of the property involved.

The section would also require that the housing structures must be sold under the section for removal from the site unless the governing body of the locality has adopted a resolution approving the use of the structures on the site. Any of this temporary housing could be sold at fair market value, as determined by the Administrator, to a public body for public use, notwithstanding the above requirements of the section.

Section 906. Advisory committees

This section would amend section 601 of the Housing Act of 1949 to authorize the establishment of such advisory committee or committees as may be deemed necessary by the Housing and Home Finance Administrator and the head of each constituent agency of the Housing Agency. Under the present provisions of section 601 of the Housing Act of 1949, only the Housing Administrator is authorized to establish such advisory committees. This amendment would change section 601 to give the head of each constituent agency of the Housing and Home Finance Agency the same authority with respect to their functions. Certain corrective provisions would also be added to that section with respect to the "conflict of interest statutes" and the payments in lieu of subsistence and travel expenses to the committee members.

Section 907. Insurance receipts from damage of school facilities

This section would amend section 202 of the act entitled "An act relating to the construction of school facilities in areas affected by Federal activities, and for other purposes" (Public Law 815, 81st Cong.).

This amendment would authorize a Federal agency to pay a local educational agency insurance receipts which cover damage or destruction, by fire or other casualty, of school facilities after the facilities have become eligible for transfer to the local educational agency but before the transfer has been completed. The authorization would be limited to insurance receipts which are payable as a result of premiums paid by the local educational agencies.

This provision relates to the authorization in the so-called School Construction Act for the transfer of federally constructed or assisted school facilities to local educational agencies.

Section 908. Sale of Canyon Crest Homes to University of California

This section would authorize and direct the Housing and Home Finance Administrator to sell to the University of California, at fair market value as determined by him, two war housing projects known as Canyon Crest Homes in Riverside County, Calif. The 2 projects which would be sold under this provision total 275 dwelling units and directly adjoin the campus of a new extension of the University of California. Your committee understands that the local veterans organizations favor the transfer of this housing to the university.

Section 909. Sale of Westfield Heights and Drum Hill Park to the Wethersfield (Conn.) Housing Authority

This section would authorize the Housing and Home Finance Administrator to sell at fair market value to the Wethersfield Housing Authority two war housing projects in Wethersfield known as Westfield Heights and Drum Hill Park. The 2 projects total 255 dwelling units. The Wethersfield Housing Authority would use the housing for moderate rental housing. Full payment would be required within 30 years with interest at not more than 5 percent per annum.

Section 910. Reduction of vulnerability to enemy attack

This section would provide that all housing functions and programs of the Federal Government shall be carried out, consistent with the requirements of the functions and programs, in a manner that will facilitate progress in the reduction of vulnerability of congested urban areas to enemy attack.

Section 911. Farm housing

This section would provide additional authorization for the farm-housing assistance under title V of the Housing Act of 1949 (Public Law 171, 81st Cong.). That title authorized the Secretary of Agriculture to make (1) long-term loans to farmers having adequate farms who are nevertheless unable to obtain private credit on reasonable terms; (2) similar loans, supplemented by modest contributions for 5 years, where the farmer is unable to undertake to repay the loan in full and the farm is not adequate but capable of being improved to the point where it is self-sustaining; and (3) modest loans and grants to help farm families on very poor farms to undertake minor improvements or minimum repairs to farm dwellings where necessary to remove hazards to the health or safety of the occupants.

This section would provide the following additional authorization, to be available on or after July 1, 1954, for title V: (1) \$100 million in the amount of loan funds which can be obtained from the Treasury; (2) \$2 million per annum in the amount of annual contribution commitments for housing on potentially adequate farms; and (3) \$10 million in the amount of appropriations authorized for loans and grants for improvements and repairs.

Section 912. Repeal of section 504 of the Housing Act of 1950

This section would repeal section 504 of the Housing Act of 1950 directing the VA and FHA to control the charges and fees imposed by lenders upon builders and purchasers in connection with FHA and VA home loans.

Section 504 was enacted primarily to meet a situation no longer existing. At the time of such enactment many FNMA advance commitments were held by lenders who were, in some areas, charging builders substantial sums for financing which eventually resulted in the Government holding the mortgages involved. Because VA regulations under section 504, with changing market conditions, imposed severe restrictions on certain lenders, the Housing Act of 1953 provided that the limitations on fees under section 504 should not be construed to include any loss suffered by an originating lender in the bona fide sale or pledge of a mortgage. This 1953 provision in practice resulted in a discrimination against lenders seeking to hold loans for their own portfolio. In order to cope with the advantage the statute affords to secondary investors, who acquire loans by purchase rather than direct origination, many lending institutions arranged to have the builders or their subsidiaries or affiliates originate the loans for the purpose of sale to such institutions at a discount.

There would be adequate authority after the repeal of section 504 for the control of fees and charges paid by borrowers on FHA or VA home loans.

Section 913. Amendment of section 3491 of the Revised Statutes

Subsection (a) strikes the following language from section 3491 of the Revised Statutes, as amended: "The court]shall have no jurisdiction to proceed with any such suit brought under clause (B) of this section or pending suit brought under this section whenever it shall be made to appear that such suit was based upon evidence or information in the possession of the United States, or any agency, officer or employee thereof, at the time such suit was brought: *Provided, however,* That no abatement shall be had as to a suit pending on December 23, 1943, if before such suit was filed such person had in his possession and voluntarily disclosed to the Attorney General substantial evidence and information which was not theretofore in the possession of the Department of Justice." This section of the Revised Statutes permits private persons to bring suit on behalf of the United States for recovery of a forfeiture of \$2,000 and double damages sustained by the United States because of certain acts listed in the statute dealing with false claims against the Government.

Subsection (b) of section 913 strikes from clause (E) of section 3491, as amended, "for disclosure of the information or evidence not in the possession of the United States when such suit was brought" and substitutes for that language "for the collection of any forfeiture and damages". The language so substituted is that which now appears in that portion of clause (E) prescribing the basis to be used by the court in awarding not in excess of 25 percent of the proceeds of the suit to the private person conducting the litigation on behalf of the United States. The effect of the substitution will be to make the same basis apply in the case of a suit begun by a private person but taken over by the United States, in which event the court is entitled to award not in excess of 10 percent of the proceeds of the suit to the private person who began the litigation.

Sections 914 and 915. Act controlling and separability provisions

These sections are the customary act controlling and separability provisions.

CHANGES IN EXISTING LAW

In compliance with clause 4 of rule XXIX of the Standing Rules of the Senate; changes in existing law made by the bill are as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT, AS AMENDED

* * * * *

TITLE I—HOUSING RENOVATION AND MODERNIZATION

* * * * *

INSURANCE OF FINANCIAL INSTITUTIONS

SEC. 2. (a) The Commissioner is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Commissioner finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to July 1, 1955, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Commissioner under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 per centum of the total amount of such loans, advances of credit, and purchases^[.]: *Provided, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 80 per centum of such loss.* The aggregate amount of all loans, advances of credit, and obligations purchased, exclusive of financing charges, with respect to which insurance may be heretofore or hereafter granted under this section and outstanding at any one time shall not exceed \$1,750,000,000.

After the effective date of the Housing Act of 1954 (i) the Commissioner shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; (iii) no dealer shall be permitted to participate in the benefits of this section unless he shall have been approved according to the following procedure: Each lending institution shall use due care in selecting dealers from whom it purchases notes or with whom it cooperates in making loans directly to the borrower under this section, and shall maintain a file with reference to each such dealer containing a signed and dated application by the dealer for approval and a signed and dated approval of the dealer by the lending insti-

tution, such approval being supported by information in the file that the dealer is (1) reliable, (2) financially responsible, (3) qualified to perform satisfactorily the work to be financed, and (4) equipped to extend proper service to the borrower; absence of such a file in the lending institution available for inspection by the Commissioner shall constitute a violation of this provision; (iv) each lending institution, as a condition precedent to insurance under this section, shall certify to the Commissioner at the time it records with the Commissioner for insurance each loan, advance of credit or purchase it has originated (a) that it has available the dealer file required by this section, (b) that the borrower has signed a dated credit application on a form approved by the Commissioner, (c) that the lending institution has mailed or delivered to the borrower written notice of approval of the credit application, (d) that no less than six days have elapsed between the date upon which such notice was mailed or delivered to the borrower and the date of disbursement of the loan by the lending institution, and (e) that prior to such disbursement but on or after the date of completion of the work for which credit was extended, the borrower has signed a completion certificate on a form approved by the Commissioner stating the borrower's satisfaction with the materials furnished and work performed and that no cash payment or rebate has been given or promised to the borrower in connection with this advance of credit and that the proceeds thereof will be entirely applied to payment for the materials and work for which credit was extended, and that the dealer has signed a completion certificate on a form approved by the Commissioner stating that the materials and work for which credit was extended constitute the entire consideration for such extension of credit, that a copy of the contract or sales agreement has been delivered to the borrower and the lending institution, containing the whole agreement with the borrower, that the borrower has not been given or promised a cash payment or rebate nor has it been represented to him that he will receiving a cash bonus or commission on future sales as an endorsement for signing such contract, that the materials have been satisfactorily furnished and the work has been satisfactorily completed, that the borrower's completion certificate was signed by the borrower after such delivery or completion, that the signatures on the completion certificates of the borrower and the dealer and on the note are all genuine, that all bills for labor or materials have been or will be paid, and that if any of the representations on the dealer's certificate prove to be incorrect, the dealer agrees to repurchase promptly the note from the lending institution or from the Commissioner, as the case may be; and (v) the Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to avoid the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved.

In addition, and notwithstanding any other provisions of this section, the Commissioner is authorized and empowered, upon such terms and conditions as he may prescribe, to insure such financial institutions against losses which they may sustain as a result of loans and advances of credit, and purchases made by them after the effective date of the Housing Act of 1954 for the purpose of financing the acquisition of trailer coach mobile dwellings if (1) the amount of any such loan, advance of credit or purchase does not exceed \$6,000, (2) the borrower has paid on account of the purchase price of such trailer coach mobile dwelling not less than 20 per centum thereof in cash and has certified that he is purchasing such trailer coach mobile dwelling for his own use or occupancy, (3) the obligation representing the loan, advance of credit, or purchase has a maturity not in excess of 6 years and 32 days, and (4) such loan or advance of credit or obligation so purchased is secured by a first lien on such trailer coach mobile dwelling: Provided, That with respect to any loan, advance of credit or purchase covered by this sentence, the amount of any claim for loss paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 75 per centum of the amount of such loss.

* * * * *

(f) The Commissioner shall fix a premium charge for the insurance hereafter granted under this section, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 per centum per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Commissioner. The moneys derived from such premium charges and all moneys collected by the Commissioner as fees of any kind in connection with the granting of insurance

as provided in this section, and all moneys derived from the sale, collection, disposition, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner as provided in subsection (c) of this section with respect to insurance granted on and after July 1, 1939, shall be deposited in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the Federal Housing Administration under this section, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this section. *The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of June 30, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.*

* * * * *

INSURANCE OF MORTGAGES

SEC. 8. (a) To assist in providing adequate housing for families of low and moderate income, particularly in suburban and outlying areas, this section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act by making feasible the insurance of mortgages covering properties in areas where it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas. The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (as defined in section 201 of this Act) offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this section and outstanding at any one time shall not exceed \$100,000,000, except that with the approval of the President such aggregate amount may be increased at any time or times by additional amounts aggregating not more than \$150,000,000 upon a determination by the President, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy, that such increase is in the public interest [] : *And provided further*, That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date.

* * * * *

TITLE II—MORTGAGE INSURANCE

* * * * *

INSURANCE OF MORTGAGES

SEC. 203. * * *

(b) To be eligible for insurance under this section a mortgage shall— * * *

[(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount—]

(2) *Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$18,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a one- or two-family residence; or \$24,000 in the case of a three-family residence; or \$30,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 95 per centum of \$8,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of \$8,000: Provided, That the mortgagor shall have paid on account of the property at least 5 per centum (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: Provided further, That unless the mortgage is on property approved for insurance prior to the beginning of construction, the principal obligation of the mortgage shall in no event exceed 80 per centum of appraised value.*

* * * * *

[(3) Have a maturity satisfactory to the Commissioner, but not to exceed twenty years from the date of the insurance of the mortgage: *Provided*, That a mortgage on property approved for insurance prior to the beginning of construction shall be eligible for insurance under this section if it has a maturity satisfactory to the Commissioner, but not to exceed twenty-five years from the date of the insurance of the mortgage, or not to exceed thirty years in the case of a mortgage insured under paragraph (2) (D) of this subsection.]

(3) *Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the insurance of the mortgage: Provided, That for each of the first ten years following the completion of the dwelling located on the property covered by the mortgage such maximum maturity shall be decreased by one year.*

* * * * *

[(5) Bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed 6 per centum per annum if the Commissioner finds that in certain areas or under special circumstances the mortgage market demands it, or not to exceed 4 per centum per annum in the case of a mortgage insured under paragraph (2) (D) of this subsection, or not to exceed such per centum per annum, not in excess of 5 per centum, as the Commissioner finds necessary to meet the mortgage market.]

(5) *Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.*

* * * * *

(c) The Commissioner is authorized to fix a premium charge for the insurance of mortgages under this title but in the case of any mortgage such charge shall not be less than an amount equivalent to one-half of 1 per centum per annum nor more than an amount equivalent to 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments: *Provided*, That a premium charge so fixed and computed shall also be applicable to each mortgage insured prior to the date of enactment of the National Housing Act Amendments of 1938 in lieu of any premium charge which would otherwise become due after such date with respect to such mortgage: *Provided further*, That in the case of any mortgage described in section 203 (b) (2) (B) and accepted for insurance after such date and prior to July 1, 1939, the premium charge shall be one-fourth of 1 per centum per annum on such outstanding principal obligation. Such premium charges shall be payable by the mortgagee, either in cash, or in debentures issued by the Commissioner under this title at par plus accrued interest, in such manner as may be prescribed by the Commissioner: **[Provided]** *Provided*, That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: *Provided further*, That the Commissioner may require the payment of one or more such premium charges at the time the mortgage is insured, at such discount rate as he may prescribe not in excess of the interest rate specified in the mortgage. * * *

(d) The Commissioner is authorized to insure, pursuant to the provisions of this section, any mortgage which (A) covers a farm upon which a farm house or other farm buildings are to be constructed or repaired, and (B) otherwise would be eligible for insurance under the provisions of paragraph (b) of this section: *Provided*, That the construction and repairs to be undertaken on such farm shall involve the expenditure for materials and labor of an amount not less than 15 per centum of the total principal obligation of said mortgage**[.]** : *And provided further*, That no mortgage shall be insured pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date.

* * * * *

[(f) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Commissioner that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by

the mortgage offered for insurance after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges.

[(g) Notwithstanding any other provisions of this section, a mortgage otherwise eligible for insurance hereunder and covering property upon which there is located a dwelling designed principally for a single-family residence and which is approved for mortgage insurance prior to the beginning of construction, may have such higher ratio of loan to value and such longer maturity than otherwise provided as the President may determine to be in the public interest, taking into account the general effect of such higher ratio or longer maturity, as the case may be, upon conditions in the building industry and upon the national economy: *Provided*, That the principal obligation of any such mortgage shall not exceed \$12,000 and the maturity thereof shall not exceed thirty years: *And provided further*, That with respect to any such mortgage the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent.]

(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of \$7,000 and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.

(i) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of \$6,650 and not in excess of 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single-family residence, and which is approved for mortgage insurance prior to the beginning of construction: Provided, That (1) the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, or (2) the mortgagor shall be the owner and occupant of the property at the time of insurance, regardless of his credit standing, with whom a person or corporation having a credit standing satisfactory to the Commissioner, shall have entered into a written contract with the owner and occupant (a) to pay on the latter's behalf all or part of the downpayment required by this paragraph agreeing to take as security a note from the prospective owner and occupant bearing interest at the rate of not more than 4 per centum per annum, maturing after the last maturity date of principal due on the insured mortgage, with a right in the holder to accelerate maturity to a date following prepayment of the entire mortgage debt, under the terms of which note all rights of such person or corporation are subordinated to the rights of the mortgagee or assignees of the mortgagee, and (b) to guarantee payment of the insured mortgage by the owner and occupant according to the terms of the mortgage, or (3) shall be the builder constructing the dwelling; in which case the principal obligation shall not exceed 85 per centum of the appraised value of the property or \$5,950: Provided further, That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities.

* * * * *

PAYMENT OF INSURANCE

SEC. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Commissioner, or shall, with the consent of the Com-

missioner, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Commissioner of title to the property which meets the requirements of rules and regulations of the Commissioner in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Commissioner. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Commissioner shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Commissioner, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, special assessments which are noted on the application for insurance or which become liens after the insurance of the mortgage, insurance on the mortgaged property, and [any mortgage insurance premiums paid after either of such dates] *any mortgage insurance premiums paid after either of such dates, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: Provided, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (B) of this Act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 per centum of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Commissioner, on account of foreclosure costs actually paid by the mortgagee and approved by the Commissioner an amount not in excess of 2 per centum of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of \$75: And provided further, That with respect to mortgages which are accepted for insurance under section 203 (b) (2) (D) or under the second proviso of section 207 (c) (2) of this Act, [or under Section 213 of this Act,] or under section 213 of this Act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954, there may be included in the debentures issued by the Commissioner on account of the cost of foreclosure (or of acquiring the property by other means) actually paid by the mortgagee and approved by the Commissioner an amount, not in excess of two-thirds of such cost or \$75 whichever is the greater: And provided further, That with respect to mortgages to which the provisions of sections 302 and 306 of the Soldiers' and Sailors' Civil Relief Act of 1940, as now or hereafter amended, apply and which are insured under section 203 of the National Housing Act, as now or hereafter amended, and subject to such regulations and conditions as the Commissioner may prescribe, there shall be included in the debentures an amount which the Commissioner finds to be sufficient to compensate the mortgagee for any loss which it may have sustained on account of interest on debentures and the payment of insurance premiums by reason of its having postponed the institution of foreclosure proceedings or the acquisition of the property by other means during any part or all of the period of such military service and three months thereafter[.]: And provided further, That, notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the*

insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner. * * *

* * * * *

(d) The debentures issued under this section to any mortgagee with respect to mortgages insured under section 203 shall be executed in the name of the Mutual Mortgage Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable and the debentures issued under this section to any mortgagee with respect to mortgages insured under section 210 shall be executed in the name of the Housing Insurance Fund as obligor, shall be signed by the Commissioner by either his written or engraved signature, and shall be negotiable. All such debentures shall be dated as of the date foreclosure proceedings were instituted, or the property was otherwise acquired by the mortgagee after default, and shall bear interest from such date at a rate determined by the Commissioner, with the approval of the Secretary of the Treasury, at the time the mortgage was offered for insurance, but not to exceed 3 per centum per annum, payable semiannually on the 1st day of January and the 1st day of July of each year, and shall mature [three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued, except that debentures issued with respect to mortgages insured under section 213 shall mature twenty years after the date of such debentures] *ten years after the date thereof.*

(i) *Notwithstanding any other provisions of this Act, if on the maturity date of any debentures issued under this Act (except debentures issued under section 221 (g) (3) hereof, the Commissioner determines that the moneys available to him for the payment of debentures may not be sufficient to permit the payment in full of the principal of and the interest on debentures maturing in the immediate future, the Commissioner shall issue and deliver to the holders thereof refunding debentures maturing in not to exceed 10 years from such date and bearing interest at the same rate as the original debentures, and in such event the holders of such original debentures shall have no recourse to the Treasury on such original debentures. Any refunding debentures issued under the provisions of this subsection shall not be refundable and, in the event that the Commissioner fails to pay upon demand, when due, the principal of or interest on any such refunding debentures, the Secretary of the Treasury shall pay to the holders thereof the amount thereof which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such refunding debentures. This subsection shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.*

(j) *In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.*

* * * * *

CLASSIFICATION OF MORTGAGES AND REINSURANCE FUND

[Sec. 205. (a) Mortgages accepted for insurance under section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any such mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Commissioner in connection therewith and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for property conveyed to the Commissioner under section 204 in connection with mortgages insured under section 203, payments made or to be made to the mortgagee and the mortgagor as provided in section 204, and expenses incurred in the handling of the property covered by the mort-

gage and in the collection of claims assigned to the Commissioner in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

[(b) The Commissioner shall also provide, in addition to the several group accounts, a general reinsurance account, the credit in which shall be available to cover charges against such group accounts where the amounts credited to such accounts are insufficient to cover such charges. General expenses of operation of the Federal Housing Administration under this title with respect to mortgages insured under section 203 may be allocated in the discretion of the Commissioner among the several group accounts are charged to the general reinsurance account, and the amount allocated to the Fund under section 202 shall be credited to the general reinsurance account; except that any expenses incurred prior to July 1, 1939, with respect to mortgages described in section 203 (b) (2) (B) shall be charged to the general reinsurance account.

[(c) The Commissioner shall, except as to group accounts terminated as of a date prior to July 1, 1953, transfer from each of the several group accounts to the general reinsurance account, beginning as of July 1, 1953, and as of the beginning of each semiannual period thereafter, an amount which, in the case of the initial transfer, shall equal 10 per centum of the total premium charges theretofore credited to such group accounts, and in the case of subsequent transfers, shall equal the amount of any adjusted premium charges collected by the Commissioner in connection with the payment in full of insured mortgages prior to maturity on or after July 1, 1953, and an amount which shall in no event be less than 10 per centum nor more than 35 per centum of all other premium charges credited to such group accounts during the preceding semiannual period: *Provided*, That until such time as the Commissioner determines that the resources in the general reinsurance account are sufficient to cover all estimated future deficits among individual group accounts, 100 per centum of all other premium charges credited to such group accounts during each such semiannual period shall be transferred as provided in this subsection. The Commissioner shall terminate the insurance as to any group of mortgages (1) when he shall determine that the amounts to be distributed, as hereinafter set forth, to each mortgagee under an outstanding mortgage assigned to such group are sufficient to pay off the unpaid principal of each such mortgage, or (2) when all the outstanding mortgages in any group have been paid. In addition to the amounts transferred as herein provided, the Commissioner shall, upon such termination, charge to the group account the estimated losses arising from transactions relating to that group, and shall distribute to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group the balance remaining in such group account, less any amount by which such balance exceeds the aggregate scheduled annual premiums of such mortgagors to the year of termination of the insurance: *Provided*, That any undistributed balance in the group account at termination shall be transferred to the general reinsurance account. Any such distribution to mortgagees shall be made equitably and in accordance with sound actuarial and accounting practice: *Provided*, That in no event shall any distribution to a mortgagor or for the account of a mortgagor under any provision of this section exceed his aggregate scheduled annual premiums to the year of termination of the insurance.

[(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account, or be subject to any liability arising out of the mutuality of the Fund, and the determination of the Commissioner as to the amount to be paid by him to any mortgagee or mortgagor shall be final and conclusive.

[(e) In the event that any mortgagee under a mortgage insured under this title forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with section 204, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under section 204 shall terminate as of the date of such notice. Upon such termination the mortgagor under a mortgage insured under section 203 shall be entitled to receive a share of the credit balance of the group account to which the mortgage has been assigned in such amount as the Commissioner shall deter-

mine to be equitable and not inconsistent with the solvency of the group account and of the Fund.】

Sec. 205. (a) The Commissioner shall establish as of July 1, 1954, in the Mutual Mortgage Insurance Fund a General Surplus Account and a Participating Reserve Account. All of the assets of the General Reinsurance Account shall be transferred to the General Surplus Account whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the General Surplus Account whereupon all of said group accounts shall be abolished.

(b) The aggregate net income thereafter received or any net loss thereafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: Provided, That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive

* * * * *

RENTAL HOUSING INSURANCE

SEC. 207. * * *

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

* * * * *

(2) not to exceed 80 per centum of the estimated value of the property or project (when the proposed improvements are completed): Provided, That except with respect to a mortgage executed by a mortgagor coming within the provisions of paragraph numbered (b) (1) of this section, such mortgage shall not exceed the amount which the Commissioner estimates will be the cost of the completed physical improvements on the property or project exclusive of public utilities and streets and organization and legal expenses: And provided further, That the above limitations in this paragraph (2) shall not apply to mortgages on housing in the Territory of [Alaska,] Alaska, or in Guam, but such a mortgage may involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the value of the property or project as such term is used in this paragraph may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest accruing during construction, and other miscellaneous charges incident to construction and approved by the Commissioner): Provided further, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals; and

[(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project does not equal or exceed four per family unit) and not in excess of \$10,000 per family unit.】

(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project is less than four per family unit): Provided,

That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,000 per room to not to exceed \$2,400 per room and the dollar amount limitation of \$7,200 per family unit to not to exceed \$7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design.

Notwithstanding any of the limitations contained in paragraphs numbered (2) and (3) of this subsection (c), if the number of bedrooms in such property or project is equal to or exceeds two per family unit, and the principal obligation of the mortgage does not exceed \$7,200 per family unit for such part of such property as may be attributable to dwelling use, the mortgage may involve a principal obligation not in excess of 90 per centum of the estimated value of the property or project (when the proposed improvements are completed).

* * * * *

(j) The Commissioner shall collect a premium charge for the insurance of mortgages under this section and section 210 which shall be payable annually in advance by the mortgagee, either in cash or in debentures of the *Housing Insurance Fund* issued by the Commissioner under this title at par plus accrued interest.

* * * * *

(h) The certificate of claim issued under this section shall be for an amount which the Commissioner determines to be sufficient, when added to the face value of the debentures issued and the cash adjustment paid to the mortgagee, to equal the amount which the mortgagee would have received if, on the date of the assignment, transfer and delivery to the Commissioner provided for in subsection (g), the mortgagor had extinguished the mortgage indebtedness by payment in full of all obligations under the mortgage. **[]** and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner.

* * * * *

LABOR STANDARDS

SEC. 212. (a) The Commissioner shall not insure under section 207 or section 210 of this title, or under section 608 of Title VI, pursuant to any application for insurance filed subsequent to the effective date of this section, or under section 213 of this title, or under Title VII pursuant to any application filed subsequent to sixty days after the date of enactment of the Housing Act of 1950, or under Title VIII, or under section 908 of Title IX, a mortgage or investment which covers property on which there is or is to be located a dwelling or dwellings, or a housing project, the construction of which was or is to be commenced subsequent to such date, unless the principal contractor files a certificate or certificates (at such times, in course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction of the dwelling or dwellings or the housing project involved have been paid not less than the wages prevailing in the locality in which the work was performed for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor prior to the beginning of construction and after the date of the filing of the application for insurance. *The provisions of this section shall also apply to the insurance of any mortgage under section 220 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families.*

* * * * *

COOPERATIVE HOUSING INSURANCE

SEC. 213. * * *

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

[] (1) not to exceed \$5,000,000;

[] (2) not to exceed \$8,100 per family unit for such part of such property or project as may be attributable to dwelling use, except that if the Commissioner finds that the needs of individual members of the corporation or of individual beneficiaries of the trust could more adequately be met by

per room limitations, the mortgage may involve a principal obligation in an amount not to exceed \$1,800 per room for such part of such project to be occupied by such members or beneficiaries; and not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed: *Provided*, That (i) such maximum dollar amount shall be increased by \$4.50 per family unit or \$1 per room, as the case may be, for each 1 per centum of the membership of the corporation or number of beneficiaries of the trust which consists of veterans and such maximum ratio of loan to cost shall be increased by one-twentieth of 1 per centum for each 1 per centum of the membership of the corporation or number of beneficiaries of the trust which consists of veterans, if evidence satisfactory to the Commissioner is furnished to establish that the benefits of such increase will accrue to the members of the corporation or beneficiaries of the trust who are veterans in the form of the elimination of the down payment which the corporation or trust would otherwise require in order to supply the difference between the amount of the mortgage loan and the estimated replacement cost of the property or project, or (ii) if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$8,550 per family unit or \$1,900 per room as the case may be and not to exceed 95 per centum of the amount which the Commissioner estimates as the replacement cost of the property or project when the proposed improvements are completed: *Provided*, That for purposes of this section the word "veteran" shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President.]

(1) not to exceed \$5,000,000, or not to exceed \$50,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

(2) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed: *Provided*, That if at least 50 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$2,375 per room (or \$8,550 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 95 per centum of the estimated value of the property or project when the proposed physical improvements are completed: *Provided further*, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) \$2,250 per room to not to exceed \$2,700; (ii) \$2,375 per room to not to exceed \$2,850; (iii) \$8,100 per family unit not to exceed \$8,400; and (iv) \$8,550 per family unit not to exceed \$8,900, except that the Commissioner may, by regulation, increase the foregoing limits by an additional \$1,000 per room for any such projects in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, if located in a geographical area where he finds that cost levels so require: And *provided further*, That for the purposes of this section the word "veteran" shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President.

* * * * *

(c) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section shall involve a principal obligation in an amount not to exceed \$5,000,000 and not to exceed the greater of the following amounts:

(1) A sum computed on the basis of a separate mortgage for each single family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of [paragraph (A), paragraph (C), or paragraph (D) of] section 203 (b) (2) of this Act if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

* * * * *

(f) The Commissioner is authorized, with respect to mortgages insured or to be insured under this section, to furnish technical advice and assistance in the organization of corporations or trusts of the character described in subsection (a) of this section and in the planning, development, construction, and operation of their housing projects. In the performance of, and with respect to, the functions, powers, and duties vested in him by this section, the Commissioner, notwithstanding the provisions of any other law, shall appoint as Assistant Commissioner to administer the provisions of this section under the direction and supervision of the Commissioner.

* * * * *

GENERAL MORTGAGE INSURANCE AUTHORIZATION

[SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time) and on the aggregate amount of contingent liabilities which may be outstanding at any one time under insurance contracts, or commitments to insure, pursuant to any section or title of this Act, any such aggregate amount shall, with respect to any section or title of this Act (except section 2), be prescribed by the President from time to time taking into consideration the needs of national defense and the effect of additional insurance authorizations upon conditions in the building industry and upon the national economy: *Provided*, That the dollar amount of the insurance authorization prescribed by the President at any time with respect to any provision of title VI shall not be greater than authorized by provisions of that title: *And provided further*, That, at any time, the aggregate dollar amount of the mortgage insurance authorization prescribed by the President with respect to title IX of this Act, plus the aggregate dollar amount of all increases in insurance authorizations under other titles of this Act prescribed by the President pursuant to authority contained in this section, less the aggregate dollar amount of all decreases in insurance authorizations under this Act prescribed by the President pursuant to authority contained in this section shall not exceed \$3,400,000,000: *And provided further*, That \$400,000,000 of said sum shall be available only for the insurance of mortgages for which no insurance contract or commitment to insure under this Act was outstanding on June 30, 1952, and which mortgages (1) cover defense housing programmed by the Housing and Home Finance Agency in an area determined by the President or his designee to be a critical defense housing area, or (2) are insured under title VIII of this Act, or (3) cover housing intended to be made available primarily for families who are victims of a catastrophe which the President has determined to be a major disaster.]

SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) \$1,500,000,000, except that with the approval of the President such aggregate amount may be increased by not to exceed \$500,000,000.

It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2) into one general insurance authorization to take the place of all existing authorizations or limitations.

* * * * *

SEC. 219. Notwithstanding limitations contained in any other sections of this Act as to the use of moneys credited to the Title I Housing Insurance Fund, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Fund, the Military Housing Insurance Fund, [or the Defense Housing Insurance Fund,] *the Defense Housing Insurance Fund, or the Section 220 Housing Insurance Fund,* the Commissioner is hereby authorized to transfer funds from any one or more of such Insurance Funds to any other such Fund in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such Funds, separately and jointly to carry out effectively the insurance programs for which such Funds were established

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220. (a) *The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.*

(b) *The Commissioner is authorized, upon application by the mortgagee, to insure as hereinafter provided, any mortgage (including advances during construction or mortgages covering property of the character described in paragraph (3) (B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.*

(c) *As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date", and "State" shall have the same meaning as in section 201 of this Act.*

(d) *To be eligible for insurance under this section a mortgage shall meet the following conditions:*

(1) *The mortgaged property shall—*

(A) *be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended: Provided, That a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and said Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan, and*

(B) *meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.*

(2) *The mortgaged property shall be held by—*

(A) *a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rent or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the Section 220 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or*

(B) by Federal or State instrumentalities, municipal corporate instrumentalities, of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount—

(A) not to exceed \$18,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$24,000 in the case of a three-family residence; or \$30,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$30,000 plus not to exceed \$6,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (i) 95 per centum of \$8,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 75 per centum of such value in excess of \$8,000; or

(B) (i) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50,000,000; and

(ii) not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed (the value of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project less than four per family unit): Provided, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, except that the Commissioner may, by regulation increase the foregoing limits by an additional \$1,000 per room in any geographical area where he finds that cost levels so require: And provided further, That nothing contained in paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 (b) (3). The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The mortgagee shall be entitled to receive the benefits of the insurance as herein-after provided—

(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the

Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

(2) *as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 220 Housing Insurance Fund.*

(g) *There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 220 Housing Insurance Fund.*

Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credit to the Section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

SEC. 221. (a) *This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families to be displaced as the result of governmental action in a community respecting which (1) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: Provided, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families to be so displaced, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: Provided further, That the total number of dwelling units in properties covered by mortgage insurance under this section in any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families to be so displaced and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: Provided further, That, with respect to any community referred to in clause (1) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: And provided further, That, with respect to any community referred to in clause (2) of this subsection (but not clause (1) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2) is being carried out.*

(b) *The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereof.*

(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date", and "State" shall have the same meaning as in section 201 of this Act.

(d) To be eligible for insurance under this section, a mortgage shall—

(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$7,600, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 per cent of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence, or not to exceed 90 per centum of such appraised value if the mortgage is not on property approved for insurance prior to the beginning of construction: Provided, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum or 10 per centum, as the case may be, of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: Provided further, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$5,000,000; and and not in excess of \$7,600 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not in excess of 95 per centum of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed thirty years from the date of insurance of the mortgage; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the

Section 221 Housing Insurance Fund and all references therein to section 207 shall be construed to refer to this section; or

(2) as to mortgages meeting the requirements of paragraph (3) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or

(3) in the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act.

(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing

Insurance Fund. The principal of, and interest paid and to be paid on debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

MORTGAGE INSURANCE FOR SERVICEMEN

SEC. 222. (a) The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and their families, and servicemen in the United States Coast Guard and their families, by supplementing the insurance of mortgages under section 203 of this title with a system of mortgage insurance specially designed to assist the financing required for the construction or purchase of dwellings by those persons. As used in this section, a "serviceman" means a person to whom the Secretary of Defense (or any officer or employee designated by him), or the Secretary of the Treasury (or any officer or employee designated by him), as the case may be, has issued a certificate hereunder indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States or in the United States Coast Guard and has served on active duty for more than two years, but a certificate shall not be issued hereunder to any person ordered to active duty for training purposes only. The Secretary of Defense and the Secretary of the Treasury, respectively, are authorized to prescribe rules and regulations governing the issuance of such certificates and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from military assignment, or, in the case of the United States Coast Guard, other assignment.

(b) In addition to mortgages insured under section 203, the Commissioner may, for the purpose of this section, insure any mortgage under this section which would be eligible for insurance under section 203, except that as to mortgages so insured the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in section 203 but not to exceed in any event 95 per centum of the appraised value of the property and not to exceed \$14,250: Provided, That a mortgage insured under this section shall have been executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment.

(c) The Commissioner may prescribe the manner in which a mortgage may be accepted for insurance under this section. Premiums fixed by the Commissioner under section 203 with respect to, or payable during, the period of ownership by a serviceman of the property involved shall not be payable by the mortgagee but shall be paid not less frequently than once each year, upon request of the Commissioner to the Secretary of Defense or the Secretary of the Treasury, as the case may be, from the respective appropriations available for pay and allowances of persons eligible for mortgage insurance under this section. As used herein, "the period of ownership by a serviceman" means the period, for which premiums are fixed, prior to the date that the Secretary of Defense (or any officer or employee or other person designated by him) or the Secretary of the Treasury (or any officer or employee or other person designated by him, as the case may be) furnishes the Commissioner with a certification that such ownership (as defined by the Commissioner) has terminated.

(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of the insurance as provided in section 204 (a) with respect to mortgages insured under section 203.

(e) The provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 shall apply to mortgages insured under this section, except that as applied to those Mortgages (1) all references to the "Fund," or "Mutual Mortgage Insurance Fund," shall refer to the "Servicemen's Mortgage Insurance Fund," and (2) all references to "Section 203" shall refer to this section.

(f) There is hereby created a Servicemen's Mortgage Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section. For the purposes of this Fund (and in addition to amounts made available pursuant to subsection (c) or otherwise), there is hereby authorized to be appropriated the sum of \$1,000,000. For immediate needs pending such appropriation, the Commissioner is directed to transfer the sum of \$1,000,000 to such Fund from the War Housing Insurance Fund created by section 602 of this Act, such amount to be reimbursed to the War Housing Insurance Fund upon the availability of the appropriation authorized by the preceding sentence. Any premium charges, adjusted premium charges and appraisal and other fees received on account of the insurance of any mortgage

accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Servicemen's Mortgage Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, and cash adjustments and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Servicemen's Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration incurred under this section may be charged to the Servicemen's Mortgage Insurance Fund. Moneys in that Fund not needed for the current operation of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of that Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this section. Those purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

(g) Notwithstanding any provision of the Servicemen's Readjustment Act of 1944 as amended, no mortgagor under this section shall be eligible thereafter for loan benefits under title III of that Act to purchase residential property or construct a dwelling to be occupied as his home, and no person who has used his entitlement under title III of said Act to purchase residential property or construct a dwelling to be occupied as his home shall be eligible for the benefits of this section.

MISCELLANEOUS HOUSING INSURANCE

SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203 or section 207, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203 or section 207 of this title any mortgage—

(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

(2) executed in connection with the sale by the Public Housing Administration or by any public housing agency with the approval of the said Administration of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress, or

(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employe's housing under the jurisdiction of the Tennessee Valley Authority; or

(4) executed in connection with the sale by a State or municipality, or any agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

(5) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), and (3) above; or

(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 903 or section 908 of title IX: Provided, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit

of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisals, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that where a mortgage of a character described in paragraph (1), (2), (3), or (5) covers property held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust, if at least 50 per centum of such members or beneficiaries are veterans, such principal obligation may be in an amount not exceeding 95 per centum of such appraised value.

(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II.

DEBENTURE INTEREST RATE

SEC. 224. Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (3) of section 221 (g) hereof) shall bear interest at the rate in effect at the time the mortgage is insured. The Commissioner shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield of maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum.

OPEN-END MORTGAGES

SEC. 225. Notwithstanding any other provisions of this Act, in connection with any mortgage insured pursuant to any section of this Act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an "open-end" provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided*, That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such "open-end" advances: *Provided* further, That only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved shall be eligible for insurance under this section: *Provided* further, That no such advance shall be insured under this section if the amount thereof plus the amount of the unpaid balance of the original principal obligation of the mortgage would exceed the amount of such original principal obligation: And provided further, That the insurance of "open-end" advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this Act.

FHA APPRAISAL AVAILABLE TO HOME BUYERS

SEC. 226. The Commissioner is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance under sections 203, 220, or 221 of this Act prior to the beginning of construction, the seller or builder or such other person as may be designated by the Commissioner shall agree to deliver, prior to the sale of the property, to the person purchasing for his own occupancy any such dwelling which has not previously been occupied, a written statement setting forth the amount of the appraised value of the property as determined by the Commissioner.

BUILDER'S COST CERTIFICATION

SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. As used in this section—

(a) The term "new or rehabilitated multifamily housing" means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof, (iv) under section 221 (v) under section 803, or (vi) under sections 903 and 908;

(b) The term "approved percentage" means the percentage figure which, under applicable provisions of this Act, the Commissioner is authorized to apply to his estimate of value or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount and

(c) The term "actual cost" has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Commissioner, including a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, plus an amount equal to the Commissioner's estimate of the fair market value of any land (prior to the construction of the improvement built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the mortgagor paid for the acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the items of expense other than land referred to in (i), plus an additional amount equal to the purchase price of the land and improvements prior to such repair or rehabilitation if the purchase of such land and improvements is to be financed with the proceeds of the mortgage, except that such additional amount shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation: *Provided*, That the amount of the approved percentage of actual cost, as used in this section, shall include the amount of any outstanding indebtedness secured by the land and improvements to be refinanced with the proceeds of the mortgage but in no event in excess of the approved percentage of the Commissioner's estimate of the fair market value of such land and improvements prior to such repair and rehabilitation.

SEC. 228. Notwithstanding any other provisions of law, the Commissioner may establish in the Federal Housing Administration not to exceed eighteen positions the compensation for which shall be at the rate now or hereafter fixed by law for grade GS-16 of the general schedule established by the Classification Act of 1949, as amended (which positions shall be in lieu of any positions at grade

GS-16 of said general schedule previously allocated in the Federal Housing Administration under section 505 of said Classification Act), and appointments to such positions may be made by the Commissioner without regard to the provisions of the civil service laws and said Classification Act of 1949, as amended.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

CREATION AND POWERS OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. (a) * * *

* * * * *

(G) The Association after the effective date of this subparagraph may contract to purchase only those eligible mortgages which are guaranteed or insured at the time of the contract: *Provided*, That this subparagraph shall not apply to (i) commitments made pursuant to Public Law 243, Eighty-second Congress, or (ii) commitments made by the association on or after September 1, 1951, and prior to July 1, [1954] 1954 (or 1955 in case of a commitment under title VIII of this Act), which do not exceed \$1,152,000,000 outstanding at any one time, if such commitments of the Association relate to defense or disaster mortgages, or (iii) commitments made by the Association, not exceeding in the aggregate \$15,000,000 in original principal amounts, which relate to mortgages covering projects or properties located in Guam. As used in this title III, "defense or disaster mortgages" means mortgages (1) covering defense housing programmed by the Housing and Home Finance Administrator in an area determined by the President or his designee to be a critical defense housing area, or (2) with respect to which the Federal Housing Commissioner has issued a commitment to insure pursuant to title VIII of this Act, as amended, or (3) covering housing intended to be made available primarily for families who are victims of a catastrophe which the President has determined to be a major disaster.

TITLE IV—INSURANCE OF SAVINGS AND LOAN ACCOUNTS

* * * * *

CREATION OF FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

* * * * *

SEC. 402. * * *

(c) Upon the date of enactment of this Act, the Corporation shall become a body corporate, and shall be an instrumentality of the United States, and as such shall have power—

* * * * *

【(4) To sue and be sued, complain and defend, in any court of law or equity, State or Federal.】

(4) To sue and be sued, complain and defend, in any court of competent jurisdiction in the United States or its territories or possessions or the Commonwealth of Puerto Rico, and may be served by serving a copy of process on any of its agents or any agent of the Home Loan Bank Board and mailing a copy of such process by registered mail to the Corporation at Washington, District of Columbia: *Provided*, That the provisions hereof relating to service of process shall not be applicable to any pending court action or suit or to any action or suit involving the subject matter, or part thereof, of such pending action or suit.

* * * * *

PAYMENT OF INSURANCE

SEC. 405. * * *

(c) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of three years from the date of default unless, within such three-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the Corporation and its validity denied, in which event the action may be brought within two years from the date of such denial.

* * * * *

TERMINATION OF INSURANCE

SEC. 407. (a) [Any institution which is insured under the provisions of this title may, upon not less than ninety days' written notice to the Corporation, terminate its status as an insured institution upon a majority vote of its shareholders entitled to vote, or upon a majority vote of its board of directors or other similar governing body which is authorized to act for the institution.] Any insured institution other than a Federal savings and loan association may terminate its status as an insured institution by written notice to the Corporation, and the Corporation, for violation by an insured institution of its duty as such or for continued unsafe or unsound practices in conducting the business of the institution, may, after written notice of any such alleged violation of duty or continued unsafe or unsound practices and after reasonable opportunity to be heard, by written notice to such insured institution, terminate such status. Thereupon its status as an insured institution shall immediately cease and all rights of its insured members to insurance under this title shall immediately terminate; but the obligation of the institution to pay the premium charges for insurance shall continue for a period of three years after the date of such termination.

TITLE V—MISCELLANEOUS

* * * * *

SEC. 512. Notwithstanding any other provision of law, the Commissioner is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under titles, I, II, or VIII of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Commissioner has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of any regulation issued by the Commissioner under this Act or by the Administrator of Veterans' Affairs under said title III, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially, whether intentionally or through inability, to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the Commissioner and shall be entitled, upon making a written request to the Commissioner, to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the Commissioner under this section shall be based on the preponderance of the evidence.

SEC. 513. (a) The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under that Act is to be used principally for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while insurance on the mortgage remains outstanding.

(b) Notwithstanding any other provisions of this Act, no new, existing, or rehabilitated multifamily housing with respect to which a mortgage is insured under this Act shall be rented for a period less than thirty days or operated in such a manner as to offer any hotel services while so insured.

(c) After the effective date of the Housing Act of 1954, no mortgage with respect to multifamily housing shall be insured under the National Housing Act, as amended, unless the mortgagor certifies under oath that while such insurance remains outstanding no rental of any portion of any building subject to such mortgage will be permitted for a period of less than thirty days and no hotel services will be offered to or provided for any tenant in such building.

(d) The Commissioner is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal, as to all existing multifamily housing with respect to which a mortgage was insured under this Act prior to the effective date of the Housing Act of 1954 as well as to all multifamily housing with respect to which a mortgage is hereafter insured under this Act: Provided, however, That no criminal penalty shall, by reason of enactment of this section, be applicable to the rental or operation of any such existing multifamily housing in violation of any provision of subsection (b) of this section at any time prior to the effective date of the Housing Act of 1954.

SEC. 514. (a) Within fifteen days after receipt of written notice that any portion of any building is being rented or operated in violation of any provision of section 513 or in violation of any other provision of this Act or any rule or regulation lawfully issued thereunder, the Commissioner shall investigate the existence of the facts alleged in the written notice and shall order such violation, if found to exist, to cease forthwith.

(b) If such violation does not cease within such period, the Commissioner shall within fifteen days forward the complaint to the Attorney General of the United States for prosecution of any criminal action involved in such violation.

(c) Within the fifteen-day period referred to in subsection (b) of this section, the Commissioner shall petition the district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, for an order enjoining such acts or practices constituting such violation and upon a showing by the Commissioner that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

(d) If the Commissioner fails to file such petition within the allotted fifteen-day period, any person may within thirty days following the expiration of the fifteen-day period at his sole cost or charge file such petition in the name of the United States and conduct such litigation to its conclusion on behalf of the United States in the same manner as if he were the Commissioner.

(e) The several district courts of the United States and the several district courts of the Territories of the United States or other place subject to United States jurisdiction, within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, shall, wheresoever such acts or practices may have been done or committed, have full power and jurisdiction to hear, try, and determine such matter.

TITLE VI—WAR HOUSING INSURANCE

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SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date.

TITLE VIII—MILITARY HOUSING INSURANCE

* * * * *

SEC. 803. (a) In order to assist in relieving the acute shortage of housing which now exists at or in areas adjacent to military installations because of uncertainty as to the permanency of such installations and to increase the supply of rental housing accommodations available to military and civilian personnel at such installations, the Commissioner is authorized, upon application of the mortgagee, to insure mortgages (including advances on such mortgages during construction) which are eligible for insurance as hereinafter provided, and, upon such terms as the Commissioner may prescribe, to make commitments for so insuring such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed \$500,000,000 except that with the approval of the President such aggregate amount may be increased to not to exceed \$1,000,000,000: *And provided further*, That no mortgage shall be insured under this title after [July 1, 1954] June 30, 1955, except (A) pursuant to a commitment to insure issued on or before such date, or (B) a mortgage given to refinance an existing mortgage insured under this title and which does not exceed the original principal amount and unexpired term of such existing mortgage.

* * * * *

SEC. 803. (b) * * *

[The mortgagor shall agree (i) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (a) that the amount of the actual cost to the mortgagor of said physical improvements (exclusive of off-site public utilities and streets and of organization and legal expenses) equaled or exceeded the proceeds of the mortgage loan or (b) the amount by which the proceeds of the mortgage loan exceeded the actual cost to the mortgagor of said physical improvements (exclusive of off-site public utilities and streets and of organization and legal expenses) as the case may be, and (ii) to pay, within sixty days after such certification, to

the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, so certified to be in excess of such actual cost. The Commissioner shall construe the term "actual cost" in such a manner as to reduce same by the amount of any kickbacks, rebates, and normal trade discounts received in connection with the construction of the said physical improvements, and to include only the actual amounts paid for labor and materials and necessary services in connection therewith.】

The mortgagor shall enter into the agreement required by section 227 of this Act as amended.

TITLE IX—NATIONAL DEFENSE HOUSING INSURANCE

* * * * *

SEC. 903. (a) This title is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in providing adequate housing in areas which the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951, shall have determined to be critical defense housing areas. The Commissioner is authorized, upon application by the mortgagee, to insure under this section or section 908 as hereinafter provided any mortgage which is eligible for insurance as hereinafter provided and upon such terms as the Commissioner may prescribe to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the property covered by the mortgage is in an area which the President, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951, shall have determined to be a critical defense housing area, and that the total number of dwelling units in properties covered by mortgages insured under this title in any such area does not exceed the number authorized by the Housing and Home Finance Administrator from time to time as needed in such area for defense purposes and to be insured pursuant to this title: *Provided further*, That the aggregate amount of principal obligations of all mortgages insured under this title shall not exceed such sum as may be authorized by the President from time to time for the purposes of this title pursuant to his authority under section 217 hereof: *Provided further*, That the Commissioner shall have power to require properties covered by mortgages insured under this title to be held for rental for such periods of time and at such rentals or other charges as he may prescribe; and, with respect to such properties being held for rental, (1) to require that the property be held by a mortgagor approved by him, and (2) to prescribe such requirements as he deems to be reasonable governing the method of operation and prohibiting or restricting sales of such properties or interests therein or agreements relating to such sales: *Provided further*, *That the Commissioner shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than four years after the dwelling is made available for initial occupancy: And provided further*, That no mortgage shall be insured under this title unless the mortgagor certifies under oath that in selecting tenants for any property covered by the mortgage he will not discriminate against any family because of the fact that there are children in the family, and that he will not sell the property while the insurance is in effect unless the purchaser so certifies, such certification to be filed with the Commissioner. Violation of any such certification shall be a misdemeanor punishable by a fine of not to exceed \$500.

* * * * *

SEC. 908. (b) * * *

(3) The mortgagor shall agree (i) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (a) that the amount of the actual cost of said physical improvements (exclusive of off-site public utilities and streets and of organization and legal expenses) equaled or exceeded the proceeds of the mortgage loan or (b) the amount by which the proceeds of the mortgage loan exceeded the actual cost of said physical improvements (exclusive of off-site public utilities and streets and of organization and legal expenses), as the case may be, and (ii) to pay, within sixty days after such certification, to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, so certified to be in excess of such actual cost. The Commissioner shall construe the term "actual cost" in such a manner as to reduce same by the amount of any kick-backs, rebates, and normal trade discounts received in connection with the construction of the said physical improvements, and to include only

the actual amounts paid for labor and materials and necessary services in connection therewith.

The mortgagor shall enter into the agreement required by section 227 of this Act, as amended.

THE HOUSING ACT OF 1949, AS AMENDED

[TITLE I—SLUM CLEARANCE AND COMMUNITY DEVELOPMENT AND REDEVELOPMENT]

TITLE I—SLUM CLEARANCE AND URBAN RENEWAL

URBAN RENEWAL FUND

Sec. 100. The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the "Urban Renewal Fund", and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.

[SEC. 101. In extending financial assistance under this title, the Administrator shall—

[(a) give consideration to the extent to which appropriate local public bodies have undertaken positive programs (1) for encouraging housing cost reductions through the adoption, improvement, and modernization of building and other local codes and regulations so as to permit the use of appropriate new materials, techniques, and methods in land and residential planning design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs, and (2) for preventing the spread or recurrence, in such community, of slums and blighted areas through the adoption, improvement, and modernization of local codes and regulations relating to land use and adequate standards of health, sanitation, and safety for dwelling accommodations; and

[(b) encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.]

SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State or regional (within a State), or unified metropolitan basis.

(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act for 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for

the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: Provided, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (i) of paragraph (1) of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in clause (2) of section 221 (a) of said Act: And provided further, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105 (c) of this title have been met.

(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis, and reporting of information pertaining to such programs.

SEC. 102. (a) [To assist local communities in eliminating their slums and blighted areas and in providing maximum opportunity for the redevelopment of project areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies for the undertaking of projects for the assembly, clearance, preparation, and sale and lease of land for redevelopment.] To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects. Such loans (outstanding at any one time) shall be in such amounts not exceeding the estimated expenditures to be made by the local public agency as part of the gross project cost, bear interest at such rate (not less than the applicable going Federal rate) be secured in such manner, and be repaid within such period (not exceeding, in the case of definitive loans, forty years from the date of the bonds or other obligations evidencing such loans), as may be deemed advisable by the Administrator.

(b) In connection with any project on land which is open or predominantly open, the Administrator may make temporary loans to municipalities or other public bodies for the provision of public buildings or facilities necessary to serve or support the new uses of such land in the project areas. Such temporary loans shall be in such amounts not exceeding the expenditures to be made for such purpose, [bear interest as such rate] bear interest at such rate (not less than the applicable going Federal rate), be secured in such manner, and be repaid within such period (not exceeding ten years from the date of the obligations evidencing such loans), as may be deemed advisable by the Administrator.

* * * * *

[(d) The Administrator may make advances of funds to local public agencies for surveys and plans in preparation of projects which may be assisted under this title, and the contracts for such advances of funds may be made upon the condition that such advances of funds shall be repaid, with interest at not less

than the applicable going Federal rate, out of any moneys which become available to such agency for the undertaking of the project or projects involved.】

(d) *The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds.*

* * * * *

SEC. 103. 【(a) The Administrator may make capital grants to local public agencies to enable such agencies to make land in project areas available for redevelopment at its fair value for the uses specified in the redevelopment plans: *Provided, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grants with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.* (a) *The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: Provided, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.*

* * * * *

SEC. 104. Every contract for capital grant under this title shall require local grants-in-aid in connection with the project involved which, together with the local grants-in-aid to be provided in connection with all other projects of the local public agency on which contracts for capital grants have theretofore been made, will be at least equal to one-third of the aggregate net project costs involved (it being the purpose of this provision and section 103 to limit the aggregate of the capital grants made by the Administrator with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title to an amount not exceeding two-thirds of the difference between the aggregate of the gross project costs of all such projects and the aggregate of the total sales prices and capital values referred to in [section 110 (f) of land] *section 110 of the property in such projects*).

SEC. 105. 【Contracts for financial aid】 *Contracts for loans or capital grants that—shall be made only with a duly authorized local public agency and shall require*

【(a) The redevelopment plan for the project area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the land in the project area to be redeveloped in accordance with the redevelopment plan; (ii) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the redevelopment of such areas by private enterprise; and (iii) the redevelopment plan conforms to a general plan for the development of the locality as a whole;

【(b) When land acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees shall be obligated (i) to devote such land to the uses specified in the redevelopment plan for

the project area; (ii) to begin the building of their improvements on such land within a reasonable time; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title;]

(a) *The urban renewal plan (including any redevelopment plan constituting a part thereof) for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;*

(b) *When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: Provided, That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;*

(c) *There be a feasible method for the temporary relocation of families displaced from the [project] urban renewal area, and that there are or are being provided, in the urban renewal [project] area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the [project] urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced families and reasonably accessible to their places of employment [.]* *[Provided, That in view of the existing acute housing shortage, each such contract entered into prior to July 1, 1951, shall further provide that there shall be no demolition of residential structures in connection with the project assisted under the contract prior to July 1, 1951, if the local governing body determines that the demolition thereof would reasonably be expected to create undue housing hardship in the locality.]*

* * * * *

SEC. 106.

* * * * *

(b) *Funds made available to the Administrator pursuant to the provisions of this title shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Administrator in connection with the performance of his functions under this title shall be available for any of the purposes of this title (except for capital grants pursuant to section 103 hereof), and all funds available for carrying out the functions of the Administrator under this title (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Administrator in connection with the performance of such functions: Provided, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made.*

SEC. 107. *If the land for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, is made available from a project assisted under this title, payment equal to the fair value of the land for the uses specified in accordance with the [redevelopment plan] urban renewal plan shall be made therefor by the public housing agency undertaking the housing project, and such*

amount shall be included as part of the development cost of the low-rent housing project.

* * * * *

[SEC. 109. In order to protect labor standards—

[(a) Any contract for financial aid pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the project involved; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract;

[(b) The provisions of title 18 U. S. C., section 874, and of title 40 U. S. C., section 276c, shall apply to any project financed in whole or in part with funds made available pursuant to this title;

[(c) Any contractor engaged on any project financed in whole or in part with funds made available pursuant to this title shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner, within five days after the close of each month and on forms to be furnished by the United States Department of Labor, as to the number of persons on their respective payrolls on the particular project, the aggregate amount of such payrolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.]

SEC. 109. In order to protect labor standards—

(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.

[SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

[(a) "Redevelopment area" means an area which is appropriate for development or redevelopment and within which a project area is located.

[(b) "Redevelopment plan" means a plan, as it exists from time to time, for the development or redevelopment of a redevelopment or project area, which plan shall be sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses and improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (2) to indicate proposed land uses and building requirement in the project area: *Provided*, That the Administrator shall take such steps as he deems necessary to assure consistency between the redevelopment plan and any highways or other public improvements in the locality receiving financial assistance from the Federal Works Agency.

[(c) "Project" may include (1) acquisition of (1) a slum area or a deteriorated or deteriorating area which is predominantly residential in character, or (ii) any other deteriorated or deteriorating area which is to be developed or redeveloped for predominantly residential uses, or (iii) land which is predomi-

nantly open and which^{*} because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise substantially impairs or arrests the sound growth of the community and which is to be developed for predominantly residential uses, or (iv) open land necessary for sound community growth which is to be developed for predominantly residential uses (in which event the project thereon, as provided in the proviso of section 103 (a) hereof, shall not be eligible for any capital grant); (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, and other site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the redevelopment plan. For the purposes of this title, the term "project" shall not include the construction of any of the buildings contemplated by the redevelopment plan, and the term "redevelopment" and derivatives thereof shall mean develop as well as redevelop. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

[(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project), and demolition or removal work, or site improvements in the project area, at their cost; and (3) the provision, at their cost, of parks, playgrounds, and public buildings or facilities (other than low-rent public housing) which are primarily of direct benefit to the project and which are necessary to serve or support the new uses of land in the project area in accordance with the redevelopment plan: *Provided*, That, in any case, where, in the determination of the Administrator, any park, playground, public building, or facility is of direct and substantial benefit both to the project and to other areas, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for such project, there shall be included an allowance of an appropriate portion (as determined by the Administrator) of the cost of such park, playground, public building, or facility. No demolition or removal work, improvement, or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, for such work, or the construction of such improvement or facility, shall be eligible for inclusion as a local grant-in-aid in connection with a project or projects assisted under this title.

[(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

[(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land retained by it for use in accordance with the redevelopment plan.

[(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is made, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of one per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall

mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

【(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body which is authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, and the Territories, dependencies, and possessions of the United States.

【(i) "Administrator" means the Housing and Home Finance Administrator.】

SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this section, a redevelopment plan approved by the governing body of the locality.

(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. For the purposes of this subsection, "slum clearance and redevelopment" may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: Provided, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated, or deteriorating area shall not be applicable in the case of an open land project: And provided further, That financial assistance shall not be extended under this title for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection, "rehabilitation" or "conservation" may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities;

(3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

For the purposes of this title, the term "project" shall not include the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

(d) "Local grants-in aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, or land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: Provided, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of each facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: And provided further, That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement, or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is made, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for loan made

may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

(i) "Land" means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

(j) "Administrator" means the Housing and Home Finance Administrator.

TITLE V—FARM HOUSING

FINANCIAL ASSISTANCE BY THE SECRETARY OF AGRICULTURE

* * * * *

LOAN FUNDS

SEC. 511. The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury in such sums as the Congress may from time to time determine to make loans under this title (other than loans under section 504 (b)) not in excess of \$25,000,000 on and after July 1, 1949, an additional \$50,000,000 on and after July 1, 1950, an additional \$75,000,000 on and after July 1, 1951, and an additional \$100,000,000 on and after July 1, 1952, [and] an additional \$100,000,000 on and after July 1, 1953, and an additional \$100,000,000 on and after July 1, 1954. The notes and obligations issued by the Secretary shall be secured by the obligations of borrowers and the Secretary's commitments to make contributions under this title and shall be repaid from the payment of principal and interest on the obligations of the borrowers and from funds appropriated hereunder. The notes and other obligations issued by the Secretary shall be in such forms and denominations, shall have such maturities, and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the notes or obligations by the Secretary. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or obligations shall be treated as public debt transactions of the United States.

CONTRIBUTIONS

SEC. 512. In connection with loans made pursuant to section 503, the Secretary is authorized, on and after July 1, 1949, to make commitments for contributions aggregating not to exceed \$500,000 per annum and to make additional commitments, on and after July 1 of each of the years 1950, 1951, 1952, [and 1953] 1953, and 1954, respectively, which shall require additional contributions aggregating not more than \$1,000,000, \$1,500,000, [and \$2,000,000] \$2,000,000, and \$2,000,000 per annum, respectively.

SEC. 513. There is hereby authorized to be appropriated to the Secretary (a) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to (i) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503, and (ii) the interest due on a similar sum represented by notes or other obligations issued by the Secretary; (b) an additional \$2,000,000 for grants pursuant to section 504 (a) and loans pursuant to section 504 (b) on and after July 1, 1949, which amount shall be increased by further amounts of \$5,000,000, \$8,000,000, [and \$10,000,000 on July 1 of each of the years

1950, 1951, 1952, and 1953] \$10,000,000 and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954, respectively; and (c) such further sums as may be necessary to enable the Secretary to carry out the provisions of this title.

TITLE VI—MISCELLANEOUS PROVISIONS

ADVISORY COMMITTEES

SEC. 601. [The Housing and Home Finance Administrator may appoint such advisory committee or committees as he may deem necessary in carrying out his functions, powers, and duties, under this or any other Act. Service as a member of any such committee shall not constitute any form of service or employment within the provisions of sections 281, 283, or 284 of title 18 United States Code.]

The Housing and Home Finance Administrator and the head of each constituent agency of the Housing and Home Finance Agency is hereby authorized to establish such advisory committee or committees as each may deem necessary in carrying out any of his functions, powers, and duties under this or any other Act or authorization. Service as a member of any such committee shall not constitute any form of service, employment, or action within the provisions of sections 281, 283, 284, or 1914 of title 18, United States Code, or within the provisions of section 190 of the Revised Statutes (5 U. S. C. 99). Persons serving without compensation as members of any such committee may be paid transportation expenses and not to exceed \$25 per diem in lieu of subsistence, as authorized by section 5 of the Act of August 2, 1946 (5 U. S. C. 73b-2).

THE HOUSING ACT OF 1950, AS AMENDED

* * * * *

[SEC. 504. With respect to housing built or sold with assistance provided under the National Housing Act, as amended, or title III of the Servicemen's Readjustment Act of 1944, as amended, the Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby specifically authorized and directed to issue such regulations, applicable uniformly to all classes of mortgagees, as they determine desirable for the purpose of limiting the charges and fees, which shall not be construed to include any loss suffered by any originating lender in the bona fide sale or pledge of an agreement to sell the mortgage, imposed upon the builder or other seller, or the veteran or other purchaser in connection with the financing of the construction or sale of such housing, whether or not such charges were or are imposed in connection with the financing assisted by the Federal Government, and no loan shall be insured or guaranteed under such Acts unless the mortgagee certifies that it has not imposed upon the builder or other seller, or the veteran or other purchaser, any charges or fees in connection with the financing of the construction or sale of such housing in excess of the charges or fees permitted under such regulations for such purposes as are applicable to the housing involved.]

PUBLIC LAW 163, EIGHTY-THIRD CONGRESS

TITLE I

RECONSTRUCTION FINANCE CORPORATION LIQUIDATION ACT

* * * * *

SEC. 108. (a) In order to aid in financing projects under Federal, State, or municipal law, [the President, through such officer or agency of the Government (other than the Reconstruction Finance Corporation) as he may designate,] *the Housing and Home Finance Administrator* may purchase the securities and obligations of, or make loans to, (1) States, municipalities and political subdivisions of States, (2) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (3) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects:

* * * * *

[(b) The officer or agency designated by the President under this section is authorized to obtain money from the Treasury of the United States for use in making purchases and loans under this section, not to exceed a total of \$25,000,000 outstanding at any one time. For this purpose appropriations not to exceed \$25,000,000 are hereby authorized to be made to a revolving fund in the Treasury.]

Advances shall be made to such officer or agency from the revolving fund, to be used to carry out this section, when requested by such officer or agency. Such officer or agency shall pay into miscellaneous receipts of the Treasury at the close of each fiscal year, interest on the amount of advances outstanding at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.】

(b) *For the purposes of this section, notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized to obtain from a revolving fund hereby established in the Treasury of the United States not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose there is hereby appropriated to said revolving fund in the Treasury the amount of \$50,000,000. Advances from the revolving fund shall be made to the Housing and Home Finance Administrator upon his request. The Housing and Home Finance Administrator shall pay into the Treasury as miscellaneous receipts, at the close of each fiscal year, interest on the amount of advances outstanding, at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities. As the Housing and Home Finance Administrator repays principal sums advanced from the revolving fund pursuant to this section, such repayments shall be made to the revolving fund.*

(c) In carrying out this section, the [officer or agency designated by the President] *Housing and Home Finance Administrator* shall have the powers granted to the Small Business Administration and the Administrator by section 205 of this Act.

(d) This section and all authority conferred thereunder shall terminate at the close of June 30, [1955] 1957, except for purposes of liquidation, which shall be completed not to exceed six months after such termination. The termination of this section shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this section prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States.

* * * * *

SEC. 102. (a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended [by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1954".] *to read: "The Corporation shall have succession until it is dissolved pursuant to the provisions of section 10 of this Act"*.

* * * * *

SEC. 105. No suit, action, or other proceeding lawfully commenced by or against the Reconstruction Finance Corporation shall abate by reason of the [termination of succession] *dissolution* of the Corporation; but the court may, on motion or supplemental petition filed at any time within twelve months after the date of such [termination of succession] *dissolution* and showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, allow the same to be maintained by or against the officer or agency of the Government performing the functions with respect to which any such suit, action, or other proceeding was commenced.

SEC. 106. (a) [Upon the termination of succession of the Reconstruction Finance Corporation] *Promptly after June 30, 1954*, the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress.

RECONSTRUCTION FINANCE CORPORATION ACT, AS AMENDED

* * * * *

SEC. 10. If [at the expiration of the succession of the Corporation] *by the close of business on June 30, 1954*, its board of directors¹ shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors under this Act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties. When the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and

¹ The RFC Administrator succeeded to all functions of the Board of Directors by virtue of Reorganization Plan Number 1 of 1951.

that all of the Corporation's legal obligations have been provided for, he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation, and make a final report to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

TITLE 18, U. S. C., § 709 (CRIMES AND CRIMINAL PROCEDURE)

SEC. 709. FALSE ADVERTISING OR MISUSE OF NAMES TO INDICATE FEDERAL AGENCY

* * * * *

[Whoever uses as a firm or business name the words "Federal Housing," "National Housing" or "Public Housing Administration" or any combination or variation of those words alone or with other words reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Federal Housing Administration, the Public Housing Administration, the Government of the United States or any agency thereof, which does not in fact exist, or falsely advertises by any device whatsoever that any project, business, or product has been in any way indorsed, authorized or approved by the Federal Housing Administration, the Public Housing Administration, the Government of the United States or any agency thereof; or**]**

Whoever uses as a firm or business name the words "Federal Housing", "National Housing", or "Public Housing Administration" or the letters "FHA" or any combination or variation of those words or the letters "FHA" alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Federal Housing Administration, the Public Housing Administration, the Government of the United States, or any agency thereof, which does not in fact exist, or falsely claims that any repair, improvement, or alteration of any existing structure is required or recommended by the Federal Housing Administration, the Government of the United States, or any agency thereof for the purpose of inducing any person to enter into a contract for the making of such repairs, alterations, or improvements, or falsely advertises or represents by any device whatsoever that any project, business, or product has been in any way endorsed, authorized, or approved by the Federal Housing Administration, the Public Housing Administration, the Government of the United States, or any agency thereof; or,

THE DEFENSE HOUSING AND COMMUNITY FACILITIES AND SERVICES ACT OF 1951, AS AMENDED

* * * * *

SEC. 104. After June 30, 1953, no construction of permanent housing may be begun under title III of this Act. After June 30, 1954, (a) no mortgage may be insured under title IX of the National Housing Act, as amended (**[**except (i), pursuant to a commitment to insure issued on or before such date, or (ii) a mortgage given to refinance an existing mortgage insured under that title and which does not exceed the original principal amount and unexpired term of such existing mortgage**]** *except (i) pursuant to a commitment to insure issued on or before such date or (ii) during such period, or for such project or projects, after said date as the President may designate hereunder*), (b) no agreement may be made to extend assistance for the provision of community facilities or services under title III of this Act, and no construction of temporary housing or community facilities by the United States may be begun under such title, *except during such period, or for such project or projects, as the President may designate hereunder: Provided, That, to the extent necessary to assure the adequate completion of any facilities for which prior agreements have been made under title III, the Housing and Home Finance Administrator may, at any time after June 30, 1954, enter into amendatory agreements under such title involving the expenditure of additional Federal funds within the balance available therefor on or before such date*

* * * * *

SEC. 302. * * *

(b) Where it is necessary to provide housing under this title in locations where, in the determination of the Administrator, there appears to be no need for such housing beyond the period during which it is needed for housing persons engaged in national defense activities, the provisions of section 102 hereof shall not be

applicable and temporary housing which is of a mobile or portable character or which is otherwise constructed so as to be available for reuse at other locations shall be provided. [All housing constructed pursuant to the authority contained in this title which is of a temporary character, as determined by the Administrator, shall be disposed of by the Administrator not later than the date, and subject to the conditions and requirements, hereafter prescribed by the Congress: *Provided*, That nothing in this sentence shall be construed as prohibiting the Administrator from removing any such housing by demolition or otherwise prior to the enactment of such legislation.]

Any temporary housing constructed or acquired under this title which the Administrator determines to be no longer needed for use under this title shall, unless transferred to the Department of Defense pursuant to section 306 hereof, or reported as excess to the Administrator of the General Services Administration pursuant to the Federal Property and Administrative Services Act of 1949, as amended, be sold as soon as practicable to the highest responsible bidder after public advertising, except that if one or more of such bidders is a veteran purchasing a dwelling unit for his own occupancy the sale of such unit shall be made to the highest responsible bidder who is a veteran so purchasing: Provided, That the housing may be sold at fair value (as determined by the Housing and Home Finance Administrator) to a public body for public use: And provided further, That the housing structures shall be sold for removal from the site, except that they may be sold for use on the site if the governing body of the locality has adopted a resolution approving use of such structures on the site.

INDEPENDENT OFFICES APPROPRIATION ACT, 1953 (PUBLIC LAW 455, EIGHTY-SECOND CONGRESS)

* * * * *

HOUSING AND HOME FINANCE AGENCY

PUBLIC HOUSING ADMINISTRATION

Annual contributions: * * * [Provided further, That no housing unit constructed under the United States Housing Act of 1937, as amended, shall be occupied by a person who is a member of an organization designated as subversive by the Attorney General: *Provided further*, That the foregoing prohibition shall be enforced by the local housing authority, and that such prohibition shall not impair or affect the powers or obligations of the Public Housing Administration with respect to the making of loans and annual contributions under the United States Housing Act of 1937, as amended.]

FIRST INDEPENDENT OFFICES APPROPRIATION ACT, 1954 (PUBLIC LAW 176, EIGHTY-THIRD CONGRESS)

* * * * *

HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE ADMINISTRATOR

* * * * *

Defense Community Facilities and Services: During the current fiscal year not to exceed \$112,500 of the appropriations granted under this head in the Second and Third Supplemental Appropriation Acts, 1952, shall be available for administrative expenses in connection with the construction of facilities under such appropriations.

Capital grants for slum clearance and urban redevelopment: For an additional amount for payment of capital grants as authorized by title I of the Housing Act of 1949, as amended (42 U. S. C. 1453, 1456), \$20,000,000, to remain available until expended[: *Provided*, That before approving any local slum clearance program under title I of the Housing Act of 1949, the Administrator shall give consideration to the efforts of the locality to enforce local codes and regulations relating to adequate standards of health, sanitation, and safety for dwellings and to the feasibility of achieving slum clearance objectives through rehabilitation of existing dwellings and areas: *Provided further*, That the authority under title I of the National Housing Act shall be used to the utmost in connection with slum rehabilitation needs].

* * * * *

PUBLIC HOUSING ADMINISTRATION

* * * * *

Annual contributions: * * * **[Provided further, That no housing unit constructed under the United States Housing Act of 1937, as amended, shall be occupied by a person who is a member of an organization designated as subversive by the Attorney General: Provided further, That the foregoing prohibition shall be enforced by the local housing authority, and that such prohibition shall not impair or affect the powers or obligations of the Public Housing Administration with respect to the making of loans and annual contributions under the United States Housing Act of 1937, as amended:]**

AN ACT TO EXPEDITE THE PROVISION OF HOUSING IN CONNECTION WITH NATIONAL DEFENSE, AND FOR OTHER PURPOSES, APPROVED OCTOBER 14, 1940, AS AMENDED

* * * * *

SEC. 605. (a) * * *

In any city in which, on March 1, 1953, there were more than twelve thousand temporary housing units held by the United States of America, or in any two contiguous cities in one of which there were on such date more than twelve thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will expedite the disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, (2) the city or a local public agency has, in accordance with authority under State law, entered into a firm agreement to purchase the land so acquired at a price determined by the Administrator to be fair, but in no event less than the estimated cost to the Federal Government of acquiring the fee simple title (including an estimated amount to cover legal and overhead expenses of such acquisition) as determined by the Administrator, (3) the city or local public agency has furnished evidence satisfactory to the Administrator that it has or will have funds available to make all agreed-upon payments to the Federal Government and to protect the Federal Government against any loss resulting from the acquisition of fee simple title, and (4) the city or local public agency has furnished assurances satisfactory to the Administrator that the land will be made available to private enterprise for development, in accordance with local zoning and other laws, for predominantly residential uses: Provided, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date.

* * * * *

SEC. 607. * * *

(g) The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said Act.

* * * * *

SEC. 613. Upon a certification by the Secretary of the Interior that any surplus housing, classified by the Administrator as demountable, in the area of San Diego, California, is needed to provided dwelling accommodations for members of a tribe of Indians in Riverside County or San Diego County, California, the Administrator is hereby authorized, notwithstanding any other provision of law, to transfer and convey such housing without consideration to such tribe, the members thereof, or the Secretary of the Interior in trust therefor, as the Secretary may prescribe: Provided, That the term "housing" as used in this section shall not include land.

THE UNITED STATES HOUSING ACT OF 1937, AS AMENDED

* * * * *
SEC. 10. * * *

(e) The Authority is authorized, on and after the date of the enactment of this Act, to enter into contracts which provide for annual contributions aggregating not more than \$28,000,000 per annum. With respect to projects assisted pursuant to this Act, the Authority (in addition to the amount authorized by the first sentence of this subsection) is authorized, with the approval of the President, to enter into contracts, on and after July 1, 1949, for annual contributions aggregating not more than \$85,000,000 per annum, which limit shall be increased by further amounts of \$55,000,000 on July 1 in each of the years 1950, 1951, and 1952, respectively, and by \$58,000,000 on July 1, 1953: *Provided, That* (subject to the total additional authorization of not more than \$308,000,000 per annum) such limit, and any such authorized increase therein, may be increased at any time or times by additional amounts aggregating not more than \$55,000,000 upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon conditions in the building industry and upon the national economy, that such action is in the public interest: *And provided further*, That 10 per centum of each amount of authorization to enter into contracts for annual contributions becoming available hereunder shall, for a period of three years after such amount of authorization becomes available, be available only for annual contributions contracts with respect to projects to be located in rural nonfarm areas. With respect to projects initiated after March 1, 1949, the Authority may authorize the commencement of construction of not to exceed one hundred and thirty-five thousand dwelling units after July 1, 1949, which limit shall be increased by further amounts of one hundred and thirty-five thousand dwelling units on July 1 in each of the years 1950 through and including 1954, respectively: *Provided, That* (subject to the authorization of not to exceed eight hundred and ten thousand dwelling units) such limit, and any such authorized increase therein, may be increased at any time or times by additional amounts aggregating not more than sixty-five thousand dwelling units, or may be decreased at any time or times by amounts aggregating not more than eighty-five thousand dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest: *And provided further*, That contracts for annual contributions with respect to low-rent housing projects initiated after March 1, 1949, shall not provide for the commencement of construction of more than eight hundred and ten thousand dwelling units without further authorization from the Congress: *And provided further*, That in no event shall the Authority permit the commencement of construction of more than two hundred thousand dwellings units in any fiscal year[.]: *And provided further*, That, notwithstanding any other provisions of law except provisions enacted after the effective date of the Housing Act of 1954 expressly in limitation hereof, the provisions of this subsection and of section 9 hereof shall be in full force and effect, and, insofar as the provisions of any other Act are inconsistent with the provisions of this subsection or of section 9, the provisions of this subsection and of section 9 shall be controlling. Without further authorization from Congress, no new contracts for annual contributions beyond those herein authorized shall be entered into by the Authority. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments

* * * * *

(g) Every contract made pursuant to this Act for annual contributions for any low-rent housing project shall require that the public housing agency, as among low-income families which are eligible applicants for occupancy in dwellings of given sizes and at specified rents, shall extend the following preferences in the selection of tenants:

[First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance or redevelopment project initiated after January 1, 1947, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing; and as among such families] *First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance,*

redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: *Provided, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: And provided further, That, as among families within any such preference group first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected, and third preference shall be given to families of other veterans and servicemen;*

Second, to families of other veterans and servicemen and as among such families first preference shall be given to families of disabled veterans whose disability has been determined by the Veterans' Administration to be service-connected, and second preference shall be given to families of deceased veterans and servicemen whose death has been determined by the Veterans' Administration to be service-connected.

[(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract may authorize the public housing agency to make payments in lieu of such taxes in an annual amount not in excess of 10 per centum of the annual shelter rents charged in such project: *Provided, That, with respect to any such project to be located in any State where, by reason of constitutional limitations or otherwise, such project is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision, such contract may provide, in lieu of the requirement for tax exemption and the authorization of payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivision in which such project is situated shall contribute, in the form of cash, at least 20 per centum of the annual contributions paid by the Authority. In respect to low-rent housing projects initiated prior to March 1, 1949, the Authority may, after the effective date of the Housing Act of 1949, authorize payments in lieu of taxes for each of the project fiscal years in respect to which annual contribution dates occurred during the two-year period ending June 30, 1949, in amounts which, together with amounts already paid, will not exceed the greater of either (i) 5 per centum of the shelter rents charged in such projects for each of such project fiscal years, or (ii) the amounts specified in the cooperation agreements in effect July 1, 1947, between the public housing agencies and the political subdivisions in which the projects are located, or in the ordinances or resolutions of such political subdivisions in effect on such date. In respect to such low-rent housing projects initiated prior to March 1, 1949, the contracts for annual contributions may be amended as to project fiscal years in respect to which annual contribution dates occur on or after July 1, 1949, so as to require exemption from real and personal property taxes in lieu of any other requirements as to local contributions and to permit payments in lieu of taxes on the terms prescribed in the first sentence of this subsection; in the event that the contracts for annual contributions are not so amended, payments in lieu of taxes in respect to such project fiscal years shall be limited to the amount specified in the cooperation agreements or ordinances or resolutions in effect July 1, 1947.]*

(h) *Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: Provided, That, if at the time such agreement for local cooperation is*

entered into it appears that such 10 per centum payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivision in which the project is situated of at least 20 per centum of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 per centum: Provided further, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceeds 10 per centum, of the annual shelter rents charged in such project or (ii) 20 per centum of the annual contributions paid by the Authority (but not in excess of the taxes levied): And provided further, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection.

(i) Every contract made pursuant to this Act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection,

(a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in clause 1 (a) of this subsection: Provided, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project.

(j) In any community where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause numbered (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project.

(k) No part of any appropriation for the payment of annual contributions under any contract therefor entered into after April 17, 1940, shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, or a person who has made application for citizenship, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the Armed Forces of the United States within four years prior to the date of application for admission to such housing.

(l) *All expenditures of appropriations for the payment of annual contributions shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.*

* * * * *

SEC. 15. * * *

(8) * * *

(b) a duly authorized official of the public housing agency involved shall make periodic written statements to the Authority that an investigation has been made of each family admitted to the low-rent housing project involved during the period covered thereby, and that, on the basis of the report of said investigation, he has found that each such family at the time of its admission (i) had a net family income not exceeding the maximum income limits theretofore fixed by the public housing agency (and approved by the Authority for admission of families of low income to such housing; and (ii) lived in an unsafe, insanitary, or overcrowded dwelling, [or was to be displaced by another low-rent housing project or by a public slum-clearance or redevelopment project] or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units, or actually was without housing, or was about to be without housing as a result of a court order of eviction, due to causes other than the fault of the tenant: *Provided*, That the requirement in (ii) shall not be applicable in the case of the family of any veteran or serviceman (or of any deceased veteran or serviceman) where application for admission to such housing is made not later than five years after March 1, [1949] 1959;

* * * * *

SEC. 16. * * *

[(6) Any contractor engaged on any project financed in whole or in part with funds made available pursuant to this Act shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner (within five days after the close of each calendar month, on forms to be furnished by the United States Department of Labor), as to the number of persons on their respective payrolls on the particular project, the aggregate amount of such payrolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.]

THE FEDERAL HOME LOAN BANK ACT, AS AMENDED

* * * * *

SEC. 10. * * *

(b) No home mortgage shall be accepted as collateral security for an advance by a Federal Home Loan Bank if, at the time such advance is made (1) the home mortgage loan secured by it has more than twenty-five years to run to maturity, unless such home mortgage is insured under the National Housing Act, as amended, or insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended, or (2) the home mortgage exceeds [\$20,000] \$35,000, or (3) is past due more than six months when presented, unless the amount of the debt secured by such home mortgage is less than 50 per centum of the value of the real estate with respect to which the home mortgage was given, as such real estate was appraised when the home mortgage was made. For the purposes of this subsection and subsection (a) the value of real estate shall be as of the time the advance is made and shall be established by such certification by the borrowing institution, or such other evidence, as the board may require. For the purposes of this section, each Federal Home Loan Bank shall have power to make, or to cause or require to be made, such appraisals and other investigations as it may deem necessary. No home mortgage otherwise eligible to be accepted as collateral security for an advance by a Federal Home Loan Bank shall be accepted if any director, officer, employee, attorney, or agent of the Federal Home Loan Bank or of the borrowing institution is personally liable thereon, unless the board has specifically approved by formal resolution such acceptance.

THE HOME OWNERS' LOAN ACT OF 1933, AS AMENDED

* * * * *
SEC. 5. * * *

(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within fifty miles of their home office: *Provided*, That not more than **[\$20,000]** *\$35,000* shall be loaned on the security of a first lien upon any one such property; except that not exceeding 15 per centum of the assets of such association may be loaned on other improved real estate without regard to said **[\$20,000]** *\$35,000* limitation, and without regard to said fifty-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal Home Loan Bank or in the obligations of the Federal National Mortgage Association: *And provided further*, That any such association which is converted from a State-chartered institution may continue to make loans in the territory in which it made loans while operating under State charter. Notwithstanding any other provisions of this subsection except the area restriction such associations may invest their funds in loans insured under title I of the National Housing Act, as amended, loans guaranteed or insured as provided in the Servicemen's Readjustment Act of 1944, as amended.

[Notwithstanding any other provision of this subsection except the area restriction such associations may invest their funds in loans insured under title I of the National Housing Act, as amended, loans guaranteed or insured as provided in the Servicemen's Readjustment Act of 1944, as amended (except business loans provided by section 503 thereof and not secured by a lien on real estate), or in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of \$1,500 except in conformity to the other provisions of this subsection, and that the total amount of loans so made without regard to the other provisions of this subsection shall not, at any time, exceed 15 per centum of the association's assets.]

*Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 per centum of the assets of such association in loans insured under title I of the National Housing Act, as amended, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of \$2,500.*

[(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of any such association, and to require an equitable readjustment of the capital structure of the same; and to release any such association from such control and permit its further operation.]

(d) (1) The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or rules and regulations made hereunder, or any other law or regulation, and in the administration of conservatorships and receiverships as provided in subsection (d) (2) hereof, the Board is authorized to act in its own name and through its own attorneys. The Board shall have power to sue and be sued, complain and defend in any court of competent jurisdiction in the United States or its Territories or possessions or the Commonwealth of Puerto Rico. It shall by formal resolution state any alleged violation of law or regulation and give written notice to the association concerned of the facts alleged to be such violation, except that the appointment of a Supervisory Representative in Charge, a conservator or a receiver shall be exclusively as provided in subsection (d) (2) hereof. Such association shall have thirty days within which to correct the alleged violation of law or regulation and to perform any legal duty. If the association concerned does not comply with the law or regulation within such period, then the Board shall give such association twenty days written notice of the charges against it and of a time and place at which the Board will conduct a hearing as to such alleged violation of duty. Such hearing shall be in the Federal judicial district of the association unless it consents to another place and shall be conducted by a hearing examiner as is provided by the Administrative Procedure Act. The Board or any member thereof or its designated representative shall have power to administer oaths and affirmations and shall have power to issue subpoenas and subpoenas duces tecum, and shall issue such at the request of any interested party, and the Board or any interested party may apply to the United States district court of the

district where such hearing is designated for the enforcement of such subpoena or subpoena duces tecum and such courts shall have power to order and require compliance therewith. A record shall be made of such hearing and any interested party shall be entitled to a copy of such record to be furnished by the Board at its reasonable cost. After such hearing and an adjudication by the Board, appeals shall lie as is provided by the Administrative Procedure Act, and the review by the court shall be upon the weight of the evidence. Upon the giving of notice of alleged violation of law or regulation as herein provided, either the Board or the association affected may, within thirty days after the service of said notice, apply to the United States district court for the district where the association is located for a declaratory judgment and an injunction or other relief with respect to such controversy, and said court shall have jurisdiction to adjudicate the same as in other cases and to enforce its orders. The Board may apply to the United States district court of the district where the association affected has its home office for the enforcement of any order of the Board and such court shall have power to enforce any such order which has become final. The Board shall be subject to suit by any Federal savings and loan association with respect to any matter under this section or regulations made thereunder, or any other law or regulation, in the United States district court for the district where the home office of such association is located, and may be served by serving a copy of process on any of its agents and mailing a copy of such process by registered mail, to the Home Loan Bank Board, Washington, District of Columbia.

(2) The grounds for the appointment of a conservator or receiver for a Federal savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint ex parte and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner removed by the Board, such Supervisory Representative in Charge shall hold office until a conservator or receiver, appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for six months, or until thirty days after the termination of the administrative hearing and final proceedings herein provided, or until sixty days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such appointment of a conservator or receiver shall be made except pursuant to a formal resolution of the Board stating the grounds therefor and except notice thereof is given to said association stating the grounds therefor and until an opportunity for an administrative hearing thereon is afforded to said association. Such hearing shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. A conservator shall have all the powers of the members, the directors, and officers of the Federal association and shall be authorized to operate it in its own name or conserve its assets in the manner and to the extent authorized by the Board. The Board shall appoint only the Federal Savings and Loan Insurance Corporation as receiver for any Federal savings and loan association, which shall have power as receiver to buy at its own sale subject to approval by the Board. With the consent of the association expressed by a resolution of the board of directors or of its members, the Board is authorized to appoint a conservator or receiver for a Federal association without notice and without hearing. The Board shall have power to make rules and regulations for the reorganization, merger, and liquidation of Federal associations and for such associations in conservatorship and receivership and for the conduct of conservatorships and receiverships. Whenever a Supervisory Representative in Charge, conservator, or receiver, appointed by the Board pursuant to the provisions of this section, demands possession of the property, business and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year or both by such fine and imprisonment. Nothing in this subsection relating to jurisdiction, venue, service of process or suitability of the Board shall be applicable to any pending court action, or suit, or to any action, or suit involving the subject matter, or part thereof, of such pending action or suit.

REVISED STATUTES, SECTION 3491 (31 U. S. C. § 232)

R. S. § 3491. * * *

(C) Whenever any such suit shall be brought by any person under clause (B) notice of the pendency of such suit shall be given to the United States by serving upon the United States attorney for the district in which such suit shall have been brought a copy of the bill of complaint and by sending, by registered mail, to the Attorney General of the United States at Washington, District of Columbia, a copy of such bill together with a disclosure in writing of substantially all evidence and information in his possession material to the effective prosecution of such suit. The United States shall have sixty days, after service as above provided, within which to enter appearance in such suit. If the United States shall fail, or decline in writing to the court, during said period of sixty days to enter any such suit, such person may carry on such suit. If the United States within said period shall enter appearance in such suit the same shall be carried on solely by the United States. In carrying on such suit the United States shall not be bound by any action taken by the person who brought it, and may proceed in all respects as if it were instituting the suit: *Provided*, That if the United States shall fail to carry on such suit with due diligence within a period of six months from the date of its appearance therein, or within such additional time as the court after notice may allow, such suit may be carried on by the person bringing the same in accordance with clause (B) above. [The court shall have no jurisdiction to proceed with any such suit brought under clause (B) or pending suit brought under section 3491 of the Revised Statutes whenever it shall be made to appear that such suit was based upon evidence or information in the possession of the United States, or any agency, officer or employee thereof, at the time such suit was brought: *Provided, however*, That no abatement shall be had as to a suit pending on December 23, 1943, if before such suit was filed such person had in his possession and voluntarily disclosed to the Attorney General substantial evidence and information which was not theretofore in the possession of the Department of Justice.]

* * * * *

(E) (1) In any such suit, if carried on by the United States as herein provided, the court may award to the person who brought such suit, out of the proceeds of such suit or any settlement of any claim involved therein, which shall be collected, an amount which in the judgment of the court is fair and reasonable compensation to such person [for disclosure of the information or evidence not in the possession of the United States when such suit was brought] *for the collection of any forfeiture and damages*. Any such award shall in no event exceed one-tenth of the proceeds of such suit or any settlement thereof.

**DISTRICT OF COLUMBIA URBAN REDEVELOPMENT ACT OF 1945,*AS
AMENDED (PUBLIC LAW 592, 79th CONGRESS, AS AMENDED BY PUB-
LIC LAW 171, 81st CONGRESS)**

ENCOURAGEMENT AND AID TO PRIVATE LENDING INSTITUTIONS

SEC. 19. (a) To provide for and to facilitate the improvement of housing and other improved real estate in the District of Columbia, Federal savings and loan associations of the District of Columbia and building associations and building and loan associations operating under the laws of the District of Columbia are authorized, notwithstanding any other provision of law, to make loans for the improvement of homes or other improved real estate in the District of Columbia without security: *Provided*, That no such loan without security shall be made in a sum in excess of **[\$2,000]**, \$2,500 unless insured as provided in title I of the *National Housing Act*, as amended.

(b) Any financial institution or other lending organization operating under the laws of the United States or the District of Columbia is authorized, notwithstanding any other law or regulation, to make loans to redevelopment corporations to finance the improvement of any project area as provided in this Act. Any life-insurance company organized under the laws of the District or formed or organized under an Act of Congress is authorized, notwithstanding any other provision of law, to make loans or advances for the purpose of making repairs, alterations, additions, or improvements to homes or other buildings on improved real estate upon which it then holds a first lien to secure a loan previously made, without additional security: *Provided*, That no such loan or advance shall be made in a sum in excess of **[\$2,000]**, \$2,500 unless insured as provided in title I of the *National*

Housing Act, as amended: And provided further, That the amount of such loan or advance when added to the balance due on the original indebtedness shall not exceed the amount originally secured by the first lien.

* * * * *

SEC. 20. (a) As an alternative method of financing its authorized operations and functions under the provisions of this Act (in addition to that provided in section 16 of this Act), the Agency is hereby authorized and empowered to accept financial assistance from the Housing and Home Finance Administrator (hereafter in this section referred to as the Administrator), in the form of advances of funds, loans, and capital grants pursuant to title I of the Housing Act of [1949] 1949, as amended, to assist the Agency in acquiring real property for redevelopment of project areas and carrying out any functions authorized under this Act for which advances of funds, loans, or capital grants may be made to a local public agency under title I of the Housing Act of [1949] 1949, as amended, and the Agency, subject to the approval of the District Commissioners and subject to such terms, covenants, and conditions as may be prescribed by the Administrator pursuant to title I of the Housing Act of [1949] 1949, as amended, may enter into such contracts and agreements as may be necessary, convenient, or desirable for such purposes.

(b) Subject to the approval of the District Commissioners, the Agency is authorized to accept from the Administrator advances of funds for surveys and plans in preparation of a project or projects authorized by this Act which may be assisted under title I of the Housing Act of [1949] 1949, as amended, and the Agency is authorized to transfer to the Planning Commission so much of the funds so advanced as the District Commissioners shall determine to be necessary for the Planning Commission to carry out its functions under this Act with respect to the project or projects to be assisted under title I of the Housing Act of [1949] 1949, as amended.

(c) The District Commissioners are authorized to include in their annual estimates of appropriations items for administrative expenses which, in addition to loan or other funds available therefor, are necessary for the Agency in carrying out its functions under this section.

(d) Notwithstanding the limitation contained in the last sentence of section 110 (d) or in any other provision of title I of the Housing Act of [1949] 1949, as amended, the Administrator is authorized to allow and credit to the Agency such local grants-in-aid as are approvable pursuant to said section 110 (d) with respect to any project or projects undertaken by the Agency under a contract or contracts entered into under this section and assisted under title I of the Housing Act of [1949] 1949, as amended. In the event such local grants-in-aid as are so allowed by the Administrator are not sufficient to meet the requirements for local grants-in-aid pursuant to title I of the Housing Act of [1949] 1949, as amended, the District Commissioners are hereby authorized to enter into agreements with the Agency, upon which agreements the Administrator may rely, to make cash payments of such deficiencies from funds of the District of Columbia. The District Commissioners shall include items for such cash payments in their annual estimates of appropriations, and there are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such cash payments. Any amounts due the Administrator pursuant to any such agreements shall be paid promptly from funds appropriated for such purpose.

(e) All receipts of the Agency in connection with any project or projects financed in accordance with this section with assistance under title I of the Housing Act of [1949] 1949, as amended, whether in the form of advances of funds, loans, or capital grants made by the Administrator to the Agency, or in the form of proceeds, rentals, or revenues derived by the Agency from any such project or projects, shall be deposited in the Treasury of the United States to the credit of a special fund or funds, and all moneys in such special fund or funds are hereby made available for carrying out the purposes of this Act with respect to such project or projects, including the payment of any advances of funds or loans, together with interest thereon, made by the Administrator or by private sources to the Agency. Expenditures from such fund shall be audited, disbursed, and accounted for as are other funds of the District of Columbia.

(f) With respect to any project or projects undertaken by the Agency which are financed in accordance with this section with assistance under title I of the Housing Act of [1949] 1949, as amended—

(1) sections 3 (f), 3 (k), and 7 (g), and the last sentence of section 6 (b) (2) of this Act shall not be applicable to those pieces of real property which, in accordance with the approved project area redevelopment plan, are to be devoted to public housing to be undertaken under Public Law 307, Seventy-third Congress, approved June 12, 1934, as amended;

(2) the site and use plan for the redevelopment of the area, included in the redevelopment plan of the project area pursuant to section 6 (b) (2) of this Act, shall include the approximate extent and location of any land within the area which is proposed to be used for public housing to be undertaken under Public Law 307, Seventy-third Congress, approved June 12, 1934, as amended;

(3) notwithstanding any other provisions of this Act, the Agency, pursuant to section 7 (a) of this Act, shall have power to transfer to and shall at a practicable time or times transfer by deeds to the National Capital Housing Authority those pieces of real property which, in accordance with the approved project area redevelopment plan, are to be devoted to public housing to be undertaken under Public Law 307, Seventy-third Congress, approved June 12, 1934, as amended, and, in accordance with the requirements of section 107 of the Housing Act of [1949] 1949, *as amended*, the National Capital Housing Authority shall pay for the same out of any of its funds available for such acquisition.

(g) It is the purpose and intent of this section to authorize the District Commissioners and the appropriate agencies operating within the District of Columbia to do any and all things necessary to secure financial aid under title I of the Housing Act of [1949] 1949, *as amended*. The District of Columbia Redevelopment Land Agency is hereby declared to be a local public agency for all of the purposes of title I of the Housing Act of [1949] 1949, *as amended*. As such a local public agency for all of the purposes of title I of the Housing Act of [1949] 1949, *as amended*, the Agency is also authorized to borrow money from the Administrator or from private sources as contemplated by title I of the Housing Act of [1949] 1949, *as amended*, to issue its obligations evidencing such loans, and to pledge as security for the payment of such loans, and the interest thereon, the property, income, revenues, and other assets acquired in connection with the project or projects financed in accordance with this section with assistance under title I of the Housing Act of [1949] 1949, *as amended*, but such obligations or such pledge shall not constitute a debt or obligation of either the United States or of the District of Columbia.

(h) Nothing contained in this section or in any other section of this Act shall relieve the Administrator of his responsibilities and duties under section 105 (c) or any other section of the Housing Act of [1949] 1949, *as amended*. [The Administrator shall not enter into any contract of financial assistance under title I of this Act with respect to any project of the District of Columbia Redevelopment Land Agency for which a budget estimate of appropriation was transmitted pursuant to law and for which no appropriation was made by the Congress.]

(i) *In addition to its authority under any other provision of this Act, the Agency is hereby authorized to plan and undertake urban renewal projects (as such projects are defined in title I of the Housing Act of 1949, as amended), and in connection therewith the Agency, the District Commissioners, the National Capital Planning Commission, and the other appropriate agencies operating within the District of Columbia shall have all of the rights and powers which they have with respect to a project or projects financed in accordance with the preceding subsections of this section: Provided, That for the purpose of this subsection the word "redevelopment" wherever found in this Act (except in section 3 (n)) shall mean "urban renewal", and the references in section 6 to the acquisition, disposition, or assembly of real property for a project shall mean the undertaking of an urban renewal project.*

(j) *The District Commissioners are hereby authorized to prepare a workable program as prescribed by section 101 (c) of the Housing Act of 1949, as amended, and are also authorized to request the necessary funds for the preparation of said workable program. The Commissioners may request the participation of the Agency in the preparation of said workable program and may include in their annual estimates of appropriations such funds as may be required by the Commissioners or the Agency or both, for this purpose. The District Commissioners are hereby authorized, with or without reimbursement to cooperate with the Agency in carrying out urban renewal projects and to utilize for that purpose the facilities and personnel of the District of Columbia under agreement with the Agency.*

THE SERVICEMEN'S READJUSTMENT ACT OF 1944, AS AMENDED

* * * * *

SUPPLEMENTAL DIRECT LOANS TO VETERANS

* * * * *

PURCHASE OR CONSTRUCTION OF HOMES

SEC. 501. * * *

[(b) Any loan made under this title to a veteran who has not, after April 2, 1950, availed himself of the benefits of this title for the purpose of purchasing residential property or constructing a dwelling to be occupied as his home, the proceeds of which loan are to be used for that purpose, may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding sixty per centum of the loan: *Provided*, That the amount of any such guaranty shall not exceed \$7,500, less the amount with which the veteran's entitlement for real estate purposes is properly chargeable on account of prior loans, nor shall the gratuity payable under subsection (c) of section 500 of this title exceed that which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title.]

(b) *Any loan made to a veteran for the purposes specified in subsection (a) of this section 501, may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 per centum of the loan: Provided, That the aggregate amount of any guaranties to a veteran under this title shall not exceed \$7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: And provided further, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this Act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved.*

SEC. 512. * * *

(b) Loans made under this section shall bear interest at the rate of 4 per centum per annum and shall be subject to such requirements or limitations prescribed for loans guaranteed under this title as may be applicable: *Provided*, That—

(C) the authority to make loans under this section shall expire [June 30, 1954] *June 30, 1955*, except that if a commitment to make such a loan was issued by the Administrator prior to that date the loan may be completed subsequent to such date.

* * * * *

(d) The Administrator is authorized to sell, and shall offer for sale [to any private lending institution evidencing ability to service loans], *to any person or entity approved for such purpose by the Administrator* any loan made under this section at a price not less than par; that is, the unpaid balance plus accrued interest, and may guarantee any loan thus sold subject to the same conditions, terms, and limitations which would be applicable were the loan guaranteed under section 501 (b) of this title.

* * * * *

SEC. 513. (a) For the purposes of section 512 of this title, the Secretary of the Treasury is hereby authorized and directed to make available to the Administrator such sums not in excess of \$150,000,000 (plus the amount of any funds which may have been deposited to the credit of miscellaneous receipts under subsections (a) and (c) hereof), as the Administrator shall request from time to time except that no sums may be made available after [June 30, 1954], *June 30, 1955*.

* * *

* * * * *

(c) In order to make available the sums payable under subsection (a) of this section and to effectuate the purposes and functions authorized in section 512 of this title, the Secretary of the Treasury is hereby authorized to use, as a public debt transaction, the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act as now in force or as hereafter amended, are hereby extended to include such purposes. Such sums, together with all receipts hereunder, shall be deposited with the

Treasurer of the United States, in a special deposit account, and shall be available, respectively, for disbursement for the purposes of section 512 of this title. Except as otherwise provided in subsection (a) of this section, the Administrator shall from time to time cause to be deposited into the Treasury of the United States, to the credit of miscellaneous receipts, such of the funds in said account as in his judgment are not needed for the purposes for which they were provided, including the proceeds of the sale of any loans, and not later than [June 30, 1955], *June 30, 1956*, he shall cause to be so deposited all sums in said account and all moneys received thereafter in repayment of outstanding obligations, or otherwise, except so much thereof as he may determine to be necessary for purposes of liquidation. * * *

(d) For the purposes of further augmenting the revolving fund established in subsection (a) hereof the Secretary of the Treasury is authorized and directed between the effective date of this subsection and July 1, 1952, to make available to the Administrator such additional sums not in excess of \$25,000,000 as the Administrator may request, and is authorized and directed to advance from time to time thereafter until [June 30, 1954] *June 30, 1955*, such additional sums as the Administrator may request, provided that the aggregate so advanced in any one quarter annual period shall not exceed the sum of [\$25,000,000] *\$50,000,000* less that amount which had been returned to the revolving fund during the preceding quarter annual period from the sale of loans pursuant to section 512 (d) of this title.

* * * * *

AN ACT RELATING TO THE CONSTRUCTION OF SCHOOL FACILITIES IN AREAS AFFECTED BY FEDERAL ACTIVITIES, AND FOR OTHER PURPOSES, AS AMENDED (PUBLIC LAW 815, EIGHTY-FIRST CON- GRESS, AS AMENDED BY PUBLIC LAW 246, EIGHTY-THIRD CON- GRESS)

* * * * *

TITLE II—SCHOOL CONSTRUCTION IN FEDERALLY AFFECTED AREAS

* * * * *

PAYMENTS TO LOCAL EDUCATIONAL AGENCIES

SEC. 202. * * *

(g) * * *

(2) Where—

(A) under the Act of October 14, 1940, entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", as amended, the United States has prior to the enactment of this Act constructed school facilities in the school district of a local educational agency; and

(B) such school facilities are available to such agency on the date this Act is enacted,

the head of the Federal department or agency having custody of such facilities shall forthwith transfer to such local educational agency all right, title, and interest remaining in the United States in and to such facilities and the land being used in connection with the operation of such facilities. *In any case where such facilities are or have been damaged or destroyed by fire or other casualty after they have become eligible for such transfer but before such transfer has been completed, the head of the Federal department or agency may assign or pay to such local educational agency, solely for use in repairing or reconstructing such facilities, all or any part of any insurance receipts in connection with such casualty which are payable or have been paid in consideration of premiums which such local educational agency has advanced for the benefit of the United States.*

STATEMENT OF SEPARATE VIEWS ON HOUSING BY SENATOR HERBERT H. LEHMAN

I voted to report the pending bill to the Senate.

On balance, the bill, in its present form, is better than no legislation. It has some constructive features, most notably the restoration of authority for a public housing program of the same magnitude as was authorized in the Housing Act of 1949.

Most impartial assessments of current housing needs in the United States indicate that a minimum construction program of 100,000 to 200,000 low-rent public housing units per year is an absolutely essential element of any overall attack on the housing problem. H. R. 7839, as reported by the committee, takes cognizance of this fact.

There are other commendable and constructive features in H. R. 7839, as reported. In my judgment the committee has made real improvements on the measure in its original form, as approved by the House and submitted to our committee. The committee has certainly made significant improvements on the proposals as recommended by the President.

However, I still find in H. R. 7839 a major emphasis on means and programs which may provide more and better housing for those capable of paying for it, but only a minimum of means and programs for the provision of housing for the ill housed—for those in our population who can least afford adequate housing suited to their family-size needs. Nor is there adequate provision for the stimulation of the construction of the specialized-type housing required for aged persons.

The approach to housing represented in this bill reflects, in large measure, the trickle-down theory.

Moreover, despite considerable improvements made in this bill by our committee, there are still some technical inconsistencies between different programs, and even within certain programs.

Some of the programs, especially those characterized as "experimental," may involve the Government in added risk without commensurate public benefit. We of New York State, for instance, must show a real concern as to whether we will derive a benefit commensurate with the obligation and liability which the Nation here undertakes.

Certainly the "experimental" program of mortgage insurance, while it has my general support, in the absence of alternative means, will be of little avail in supplying housing for low-income families in and near the large centers of population.

These are, in general summary, my estimate of the weaknesses and defects in H. R. 7839.

There are other weaknesses in H. R. 7839, just as there are other beneficial aspects. The committee report enumerates the benefits. I do not propose to undertake, in this statement of separate views, a detailed analysis of the weaknesses. I think these aspects should have

been more carefully and exhaustively studied in committee. A New Look at our entire housing program, and at our entire housing problem, is overdue.

Most of the weaknesses I have mentioned are either too pervasive to permit their being cured by simple amendment to the pending bill, or too technical to lend themselves readily to debate and discussion on the floor of the Senate.

These are, however, my reservations with regard to H. R. 7839. Should the Senate be in a mood to undertake a comprehensive debate and review of this legislation, or to consider fundamental amendments, I would want to feel free to make some of these points and to specify some of the weaknesses, as I see them, in the pending bill.



Calendar No. 1485

83^D CONGRESS
2^D SESSION

H. R. 7839

[Report No. 1472]

IN THE SENATE OF THE UNITED STATES

APRIL 5, 1954

Read twice and referred to the Committee on Banking and Currency

MAY 28 (legislative day, MAY 13), 1954

Reported by Mr. CAPEHART, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Housing Act of 1954".

4 ~~TITLE I—FEDERAL HOUSING~~

5 ~~ADMINISTRATION~~

6 ~~AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT~~

7 SEC. 101. Section 2 (b) of the National Housing Act,
8 as amended, is hereby amended—

9 (1) by striking out clause numbered (1) and in-
10 serting the following: "(1) if the amount of such loan,
11 advance of credit, or purchase exceeds \$3,000";

1 ~~(2)~~ by striking out of clause numbered ~~(2)~~ the
2 words "three years" and inserting "five years"; and
3 ~~(3)~~ by striking out of the first proviso "\$10,000
4 and having a maturity not in excess of seven years" and
5 inserting "\$10,000 or \$1,500 per family unit, whichever
6 is the greater, and having a maturity not in excess of
7 ten years".

8 SEC. 102. Section 2 ~~(f)~~ of said Act, as amended, is
9 hereby amended by adding the following at the end thereof:
10 "The account heretofore established in connection with insur-
11 ance operations under this section and identified in the
12 accounting records of the Federal Housing Administration as
13 the Title I Claims Account shall be terminated as of June
14 30, 1954, at which time all of the remaining assets of such
15 account, together with deposits therein for the account of
16 obligors, shall be transferred to and merged with the account
17 established pursuant to this subsection. Moneys in the ac-
18 count established pursuant to this subsection not needed for
19 the current operations of the Federal Housing Administration
20 may be invested in bonds or other obligations of, or in bonds
21 or other obligations guaranteed as to principal and interest
22 by, the United States."

23 SEC. 103. Section 8 of said Act, as amended, is hereby
24 amended by striking the period at the end of subsection (a)
25 and inserting a colon and the following: "*And provided*

1 *further*, That no mortgage shall be insured under this section
 2 after the effective date of the Housing Act of 1954, except
 3 pursuant to a commitment to insure issued on or before such
 4 date."

5 AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

6 SEC. 104. Section 203 ~~(b)~~ (2) of said Act, as amended,
 7 is hereby amended to read as follows:

8 "~~(2)~~ Involve a principal obligation (including such
 9 initial service charges, appraisal, inspection, and other fees
 10 as the Commissioner shall approve) in an amount not to
 11 exceed \$20,000 in the case of property upon which there is
 12 located a dwelling designed principally (whether or not it may
 13 be intended to be rented temporarily for school purposes) for
 14 a one- or two-family residence; or \$27,500 in the case of a
 15 three-family residence; or \$35,000 in the case of a four-
 16 family residence; and not to exceed an amount equal to the
 17 sum of (i) 95 per centum of \$10,000 of the appraised value
 18 (as of the date the mortgage is accepted for insurance); and
 19 (ii) 75 per centum of such value in excess of \$8,000: *Pro-*
 20 *vided*, That the mortgagor shall have paid on account of the
 21 property at least 5 per centum (or such larger amount as the
 22 Commissioner may determine) of the Commissioner's estimate
 23 of the cost of acquisition in cash or its equivalent: *And pro-*
 24 *vided further*, That such mortgage shall not involve a princi-
 25 pal obligation exceeding the maximum amount prescribed by

1 the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount."

7 SEC. 105. Section 203 (b) (3) of said Act, as amended, is hereby amended to read as follows:

9 "(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the insurance of the mortgage: *Provided*, That the maturity of any such mortgage shall not exceed the maximum maturity prescribed therefor by the provisions of this section 203 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954, has authorized a greater maturity, in which event the maturity of such mortgage shall not exceed such greater maturity."

19 SEC. 106. Section 203 (b) (5) of said Act, as amended, is hereby amended to read as follows:

21 "(5) Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per

1 centum per annum not in excess of 6 per centum as the
2 Commissioner finds necessary to meet the mortgage market.”

3 SEC. 107. Section 203 (c) of said Act, as amended, is
4 amended by striking out of the second sentence the word
5 “*Provided*” and inserting: “*Provided, That debentures pre-*
6 *sented in payment of premium charges shall represent obli-*
7 *gations of the particular insurance fund to which such pre-*
8 *mium charges are to be credited: Provided further*”.

9 SEC. 108. Section 203 (d) of said Act, as amended, is
10 hereby amended by striking the period at the end thereof
11 and inserting a colon and the following: “*And provided fur-*
12 *ther, That no mortgage shall be insured pursuant to this sub-*
13 *section after the effective date of the Housing Act of 1954,*
14 *except pursuant to a commitment to insure issued on or be-*
15 *fore such date.*”

16 SEC. 109. Subsections (f) and (g) of section 203 of said
17 Act, as amended, are hereby repealed.

18 SEC. 110. Section 203 of said Act, as amended, is hereby
19 further amended by adding the following new subsection at
20 the end thereof:

21 “(h) Notwithstanding any other provision of this sec-
22 tion, the Commissioner is authorized to insure any mortgage
23 which involves a principal obligation not in excess of
24 \$7,000 and not in excess of 100 per centum of the appraised

1 value of a property upon which there is located a dwelling
 2 designed principally for a single-family residence, where the
 3 mortgager is the owner and occupant and establishes (to the
 4 satisfaction of the Commissioner) that his home which he
 5 occupied as an owner or as a tenant was destroyed or dam-
 6 aged to such an extent that reconstruction is required as a
 7 result of a flood, fire, hurricane, earthquake, storm, or other
 8 catastrophe which the President, pursuant to section 2 (a)-
 9 of the Act entitled 'An Act to authorize Federal assistance
 10 to States and local governments in major disasters and for
 11 other purposes' (Public Law 875, Eighty-first Congress,
 12 approved September 30, 1950), as amended, has determined
 13 to be a major disaster."

14 SEC. 111. Section 204 (a) of said Act, as amended,
 15 is hereby amended—

16 (1) by striking out of the third sentence the words
 17 "any mortgage insurance premiums paid after either
 18 of such dates" and inserting "any mortgage insurance
 19 premiums paid after either of such dates, and any tax
 20 imposed by the United States upon any deed or other
 21 instrument by which said property was acquired by the
 22 mortgagee and transferred or conveyed to the Commis-
 23 sioner";

24 (2) by striking out of the second proviso the words

1 “or under section 213 of this Act,” and inserting the fol-
2 lowing; “or under section 213 of this Act, or with re-
3 spect to any mortgage accepted for insurance under
4 section 203 on or after the effective date of the Housing
5 Act of 1954,”; and

6 (3) by striking the period at the end thereof and
7 inserting a colon and the following: “*And provided*
8 *further*, That, notwithstanding any requirement con-
9 tained in this Act, that debentures may be issued only
10 upon acquisition of title and possession by the mortgagee
11 and its subsequent conveyance and transfer to the Com-
12 missioner, and for the purpose of avoiding unnecessary
13 conveyance expense in connection with payment of
14 insurance benefits under the provisions of this Act, the
15 Commissioner is authorized, subject to such rules and
16 regulations as he may prescribe, to permit the mortgagee
17 to tender to the Commissioner a satisfactory conveyance
18 of title and transfer of possession direct from the mort-
19 gageor or other appropriate grantor and to pay the
20 insurance benefits to the mortgagee which it would
21 otherwise be entitled to if such conveyance had been
22 made to the mortgagee and from the mortgagee to the
23 Commissioner.”

24 SEC. 112. Section 204 (d) of said Act, as amended, is

1 hereby amended by striking out of the second sentence
2 thereof the words "three years after the 1st day of July fol-
3 lowing the maturity date of the mortgage on the property in
4 exchange for which the debentures were issued, except that
5 debentures issued with respect to mortgages insured under
6 section 213 shall mature twenty years after the date of such
7 debentures" and inserting "ten years after the date thereof".

8 SEC. 113. Section 204 of said Act, as amended, is
9 hereby amended by adding at the end thereof the following
10 new subsection:

11 "(i) In the event that any mortgagee under a mortgage
12 insured under section 203 forecloses on the mortgaged prop-
13 erty but does not convey such property to the Commissioner
14 in accordance with this section, and the Commissioner is
15 given written notice thereof, or in the event that the mort-
16 gager pays the obligation under the mortgage in full prior to
17 the maturity thereof, and the mortgagee pays any adjusted
18 premium charge required under the provisions of section 203
19 (e), and the Commissioner is given written notice by the
20 mortgagee of the payment of such obligation, the obligation
21 to pay any subsequent premium charge for insurance shall
22 cease, and all rights of the mortgagee and the mortgagor
23 under this section shall terminate as of the date of such
24 notice."

1 SEC. 114. Section 205 of said Act, as amended, is
2 hereby amended to read as follows:

3 “SEC. 205. (a) The Commissioner shall establish as of
4 July 1, 1954, in the Mutual Mortgage Insurance Fund a
5 General Surplus Account and a Participating Reserve Ac-
6 count. All of the assets of the General Reinsurance Account
7 shall be transferred to the General Surplus Account where-
8 upon the General Reinsurance Account shall be abolished.
9 There shall be transferred from the various group accounts to
10 the Participating Reserve Account as of July 1, 1954, an
11 amount equal to the aggregate amount which would have
12 been distributed under the provisions of section 205 in effect
13 on June 30, 1954, if all outstanding mortgages in such group
14 accounts had been paid in full on said date. All of the
15 remaining balances of said group accounts shall as of said
16 date be transferred to the General Surplus Account where-
17 upon all of said group accounts shall be abolished.

18 “(b) The aggregate net income thereafter received or
19 any net loss thereafter sustained by the Mutual Mortgage
20 Insurance Fund in any semiannual period shall be credited
21 or charged to the General Surplus Account and/or the Par-
22 ticipating Reserve Account in such manner and amounts as
23 the Commissioner may determine to be in accord with sound
24 actuarial and accounting practice.

1 “(e) Upon termination of the insurance obligation of the
 2 Mutual Mortgage Insurance Fund by payment of any mort-
 3 gage insured thereunder, the Commissioner is authorized to
 4 distribute to the mortgagor a share of the Participating
 5 Reserve Account in such manner and amount as the Com-
 6 missioner shall determine to be equitable and in accordance
 7 with sound actuarial and accounting practice: *Provided,*
 8 That, in no event, shall any such distributable share exceed
 9 the aggregate scheduled annual premiums of the mortgagor
 10 to the year of termination of the insurance.

11 “(d) No mortgagor or mortgagee of any mortgage in-
 12 sured under section 203 shall have any vested right in a
 13 credit balance in any such amount or be subject to any
 14 liability arising out of mutuality of the Fund and the
 15 determination of the Commissioner as to the amount to be
 16 paid by him to any mortgagor shall be final and conclusive.”

17 SEC. 115. Section 207 (e) of said Act, as amended, is
 18 hereby amended—

19 (1) by inserting before the semicolon at the end of
 20 paragraph numbered (2) a colon and the following:

21 *“And provided further, That nothing contained in this*
 22 *section shall preclude the insurance of mortgages covering*
 23 *existing construction located in slum or blighted areas, as*
 24 *defined in paragraph numbered (5) of subsection (a) of*
 25 *this section, and the Commissioner may require such re-*

1 pair or rehabilitation work to be completed as is, in his
2 discretion, necessary to remove conditions detrimental to
3 safety, health, or morals";

4 ~~(2)~~ by striking out the word "Alaska" in para-
5 graph numbered ~~(2)~~ and inserting "Alaska, or in
6 Guam,"; and

7 ~~(3)~~ by striking out paragraph numbered ~~(3)~~ and
8 inserting the following:

9 "~~(3)~~ not to exceed, for such part of such property
10 or project as may be attributable to dwelling use,
11 \$2,000 per room (or \$7,200 per family unit if the
12 number of rooms in such property or project is less
13 than four per family unit): *Provided*, That as to proj-
14 ects to consist of elevator type structures, the Commis-
15 sioner may, in his discretion, increase the dollar amount
16 limitation of \$2,000 per room to not to exceed \$2,400
17 per room and the dollar amount limitation of \$7,200 per
18 family unit to not to exceed \$7,500 per family unit, as
19 the case may be, to compensate for the higher costs inci-
20 dent to the construction of elevator type structures of
21 sound standards of construction and design: *And pro-*
22 *vided further*, That such mortgage shall not involve a
23 principal obligation exceeding the maximum amount pre-
24 scribed by the provisions of this section 207 in effect
25 prior to the effective date of the Housing Act of 1954,

1 unless the President, pursuant to section 201 of the
2 Housing Act of 1954 has authorized a greater maximum
3 amount, in which event such principal obligation shall
4 not exceed such greater maximum amount."

5 SEC. 116. Section 207 (d) of said Act, as amended,
6 is hereby amended by inserting the words "of the Housing
7 Insurance Fund" between the words "debentures" and
8 "issued" in the first sentence of such section.

9 SEC. 117. Section 207 (h) of said Act, as amended, is
10 hereby amended by striking out the period at the end of the
11 first sentence and adding the following: "and a reasonable
12 amount for necessary expenses incurred by the mortgagee in
13 connection with the foreclosure proceedings, or the acqui-
14 sition of the mortgaged property otherwise, and the conveyance
15 thereof to the Commissioner."

16 SEC. 118. Section 212 (a) of said Act, as amended, is
17 hereby amended, by inserting at the end thereof the follow-
18 ing new sentence: "The provisions of this section shall also
19 apply to the insurance of any mortgage under section 220
20 which covers property on which there is located a dwelling
21 or dwellings designed principally for residential use for
22 twelve or more families."

23 SEC. 119. Section 213 (b) of said Act, as amended, is
24 hereby amended by striking clauses (1) and (2) and
25 inserting:

1 “(1) not to exceed \$5,000,000, or not to exceed
2 \$25,000,000 if the mortgage is executed by a mortgagor
3 regulated or supervised under Federal or State laws or
4 by political subdivisions of States or agencies thereof, as
5 to rents, charges, and methods of operations; and

6 “(2) not to exceed, for such part of such property
7 or project as may be attributable to dwelling use,
8 \$2,250 per room (or \$8,100 per family if the number
9 of rooms in such property or project is less than four
10 per family unit); and not to exceed 90 per centum of the
11 estimated value of the property or project when the pro-
12 posed improvements are completed: *Provided*, That if at
13 least 65 per centum of the membership of the corpora-
14 tion or number of beneficiaries of the trust consists of
15 veterans, the mortgage may involve a principal obligation
16 not to exceed \$2,375 per room (or \$8,550 per family
17 unit if the number of rooms in such property or project
18 is less than four per family unit); and not to exceed
19 95 per centum of the estimated value of the property or
20 project when the proposed physical improvements
21 are completed: *Provided further*, That as to proj-
22 ects which consist of elevator type structures, and
23 to compensate for the higher costs incident to
24 the construction of elevator type structures of
25 sound standards of construction and design, the

1 Commissioner may, in his discretion, increase the afore-
2 said dollar amount limitations per room or per family
3 unit (as may be applicable to the particular case)
4 within the following limits: (i) \$2,250 per room to
5 not to exceed \$2,700; (ii) \$2,375 per room to not to
6 exceed \$2,850; (iii) \$8,100 per family unit to not to
7 exceed \$8,400; and (iv) \$8,550 per family unit to
8 not to exceed \$8,900: *Provided further*, That such
9 mortgage shall not involve a principal obligation exceed-
10 ing the maximum amount per room or per family unit
11 prescribed by the provisions of this section 213 in effect
12 prior to the effective date of the Housing Act of 1954,
13 unless the President, pursuant to section 201 of the
14 Housing Act of 1954, has authorized a greater maximum
15 amount, in which event such principal obligation shall
16 not exceed such greater maximum amount: *And pro-*
17 *vided further*, That for the purposes of this section the
18 word 'veteran' shall mean a person who has served in
19 the active military or naval service of the United States
20 at any time on or after September 16, 1940, and prior
21 to July 26, 1947, or on or after June 27, 1950, and
22 prior to such date thereafter as shall be determined by
23 the President."

24 SEC. 120. Section 213 (f) of said Act, as amended,
25 is hereby amended by striking the last sentence thereof.

1 ~~SEC. 121.~~ Section 217 of said Act, as amended, is hereby
2 amended to read as follows:

3 “~~SEC. 217.~~ Notwithstanding limitations contained in any
4 other section of this Act on the aggregate amount of principal
5 obligations of mortgages or loans which may be insured (or
6 insured and outstanding at any one time); the aggregate
7 amount of principal obligations of all mortgages which may
8 be insured and outstanding at any one time under insurance
9 contracts or commitments to insure pursuant to any action
10 or title of this Act (except section 2) shall not exceed the
11 sum of (a) the outstanding principal balances, as of July 1,
12 1954, of all insured mortgages (as estimated by the Commis-
13 sioner based on scheduled amortization payments without
14 taking into account prepayments or delinquencies), (b) the
15 principal amount of all outstanding commitments to insure
16 on that date, and (c) \$1,500,000,000, except that with the
17 approval of the President such aggregate amount may be
18 increased by not to exceed \$500,000,000.

19 “~~It is the intent and purpose of this section to consoli-~~
20 ~~date and merge all existing mortgage insurance authorizations~~
21 ~~or existing limitations with respect to any section or title of~~
22 ~~this Act (except section 2) into one general insurance au-~~
23 ~~thorization to take the place of all existing authorizations or~~
24 ~~limitations.”~~

25 ~~SEC. 122.~~ Section 219 of said Act, as amended, is

1 hereby amended by striking out the words "or the Defense
2 Housing Insurance Fund," and inserting "the Defense Hous-
3 ing Insurance Fund, or the Section 220 Housing Insurance
4 Fund,".

5 SEC. 123. Title II of said Act, as amended, is hereby
6 amended by adding at the end thereof the following new
7 sections:

8 ~~“REHABILITATION AND NEIGHBORHOOD CONSERVATION~~
9 ~~HOUSING INSURANCE~~

10 “SEC. 220. (a) The purpose of this section is to sup-
11 plement the insurance of mortgages under sections 203 and
12 207 of this title by providing a system of mortgage insurance
13 to provide financial assistance in the rehabilitation of existing
14 dwelling accommodations and the construction of new dwell-
15 ing accommodations as an aid in the elimination of blight
16 and slum conditions and in the prevention of the deteriora-
17 tion of property where such dwelling accommodations are
18 located in (1) an urban renewal area (as defined in title I
19 of the Housing Act of 1949, as amended) in a community
20 respecting which the Housing and Home Finance Admin-
21 istrator has made the certification to the Commissioner
22 provided for by subsection 101 (c) of the Housing Act of
23 1949, as amended, or (2) the area of a project covered by
24 a Federal aid contract which has been executed, or with
25 respect to which prior approval has been granted, by the

1 Housing and Home Finance Administrator under title I
2 of the Housing Act of 1949, as amended, before the effective
3 date of the Housing Act of 1954.

4 “(b) The Commissioner is authorized, upon application
5 by the mortgagee, to insure, as hereinafter provided, any
6 mortgage (including advances during construction on mort-
7 gages covering property of the character described in para-
8 graph (3) (B) of subsection (d) of this section) which is
9 eligible for insurance as hereinafter provided, and, upon
10 such terms and conditions as he may prescribe, to make
11 commitments for the insurance of such mortgages prior to the
12 date of their execution or disbursement thereon.

13 “(c) As used in this section, the terms ‘mortgage’,
14 ‘first mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’,
15 and ‘State’ shall have the same meaning as in section 201 of
16 this Act.

17 “(d) To be eligible for insurance under this section a
18 mortgage shall meet the following conditions:

19 “(1) Unless located in an area referred to in clause (2)
20 of subsection (a) of this section, the mortgaged property
21 shall be located in a delineated area (within an urban re-
22 newal area as defined in title I of the Housing Act of 1949,
23 as amended) with respect to which delineated area a specific
24 plan of redevelopment or of rehabilitation and conservation

1 has been established to carry out the purposes set forth in
 2 subsection ~~(a)~~ of this section: *Provided*, That ~~(with respect~~
 3 ~~to such delineated area)~~ in the opinion of the Commissioner
 4 ~~(i)~~ there exist necessary authority and financial capacity to
 5 assure the completion of such plan and ~~(ii)~~ such plan will
 6 be effective to assure compliance with such standards and
 7 conditions as the Commissioner may prescribe to establish
 8 the acceptability of such property for mortgage insurance.

9 “~~(2)~~ The mortgaged property shall be held by—

10 “~~(A)~~ a mortgagor approved by the Commissioner,
 11 and the Commissioner may in his discretion require such
 12 mortgagor to be regulated or restricted as to rents or
 13 sales, charges, capital structure, rate of return and meth-
 14 ods of operation, and for such purpose the Commissioner
 15 may make such contracts with and acquire for not to ex-
 16 ceed \$100 stock or interest in any such mortgagor as the
 17 Commissioner may deem necessary to render effective
 18 such restriction or regulations. Such stock or interest
 19 shall be paid for out of the Section 220 Housing In-
 20 surance Fund and shall be redeemed by the mortgagor
 21 at par upon the termination of all obligations of the
 22 Commissioner under the insurance; or

23 “~~(B)~~ by Federal or State instrumentalities, munic-
 24 ipal corporate instrumentalities of one or more States,
 25 or limited dividend or redevelopment or housing corpora-

tions restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

“(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

“(A) not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (i) 95 per centum of \$10,000 of the appraised value (as of the date the mortgage is accepted for insurance) and (ii) 75 per centum of such value in excess of \$10,000: *Provided*, That such mortgage shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of section 203 in effect prior

1 to the effective date of the Housing Act of 1954, unless
 2 the President, pursuant to section 201 of the Housing
 3 Act of 1954 has authorized a greater maximum amount,
 4 in which event such principal obligation shall not exceed
 5 such greater maximum amount; or

6 “(B) (i) not to exceed \$5,000,000, or, if executed
 7 by a mortgagor coming within the provisions of para-
 8 graph (2) (B) of this subsection (d), not to exceed
 9 \$50,000,000; and

10 “(ii) not to exceed 90 per centum of the estimated
 11 value of the property or project when the proposed
 12 improvements are completed (the value of the property
 13 or project may include the land, the proposed physical
 14 improvements, utilities within the boundaries of the
 15 property or project, architect's fees, taxes, and interest
 16 during construction, and other miscellaneous charges
 17 incident to construction and approved by the Commis-
 18 sioner); and

19 “(iii) not to exceed, for such part of such property
 20 or project as may be attributable to dwelling use, \$1,250
 21 per room (or \$8,100 per family unit if the number of
 22 rooms in such property or project is less than four per
 23 family unit): *Provided*, That as to projects to consist
 24 of elevator-type structures, the Commissioner may, in
 25 his discretion, increase the dollar amount limitation of

\$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher cost incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That a mortgage coming within the provisions of this paragraph (3) (B) shall not involve a principal obligation exceeding the maximum amount prescribed by the provisions of section 207 in effect prior to the effective date of the Housing Act of 1954, unless the President, pursuant to section 201 of the Housing Act of 1954 has authorized a greater maximum amount, in which event such principal obligation shall not exceed such greater maximum amount: *And provided further*, That nothing contained in paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

“(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 in effect prior to the effective date

1 of the Housing Act of 1954, unless the President, pursuant
2 to section 201 of the Housing Act of 1954, has authorized a
3 greater maturity, in which event the maturity of such mort-
4 gage shall not exceed such greater maturity: *Provided*, That
5 such maturity shall not exceed, in any event, thirty years
6 from the date of insurance of the mortgage. The mortgage
7 shall bear interest (exclusive of premium charges for insur-
8 ance and service charge, if any) at not to exceed 5 per
9 centum per annum on the amount of the principal obligation
10 outstanding at any time; or not to exceed such per centum per
11 annum not in excess of 6 per centum as the Commissioner
12 finds necessary to meet the mortgage market; contain such
13 terms and provisions with respect to the application of the
14 mortgagor's periodic payment to amortization of the principal
15 of the mortgage, insurance, repairs, alterations, payment of
16 taxes, default reserves, delinquency charges, foreclosure pro-
17 ceedings, anticipation of maturity, additional and secondary
18 liens, and other matters as the Commissioner may in his
19 discretion prescribe.

20 “(c) The Commissioner may at any time, under such
21 terms and conditions as he may prescribe, consent to the
22 release of the mortgagor from his liability under the mortgage
23 or the credit instrument secured thereby, or consent to the
24 release of parts of the mortgaged property from the lien of
25 the mortgage.

1 ~~“(f)~~ The mortgagee shall be entitled to receive the
2 benefits of the insurance as hereinafter provided—

3 ~~“(1)~~ as to mortgages meeting the requirements of
4 paragraph ~~(3)~~ ~~(A)~~ of subsection ~~(d)~~ of this section,
5 as provided in section 204 ~~(a)~~ of this Act with respect
6 to mortgages insured under section 203; and the pro-
7 visions of subsections ~~(b)~~, ~~(c)~~, ~~(d)~~, ~~(e)~~, ~~(f)~~, ~~(g)~~,
8 and ~~(h)~~ of section 204 of this Act shall be applicable to
9 such mortgages insured under this section, except that
10 all references therein to the Mutual Mortgage Insurance
11 Fund or the Fund shall be construed to refer to the
12 Section 220 Housing Insurance Fund and all references
13 therein to section 203 shall be construed to refer to this
14 section; or

15 ~~“(2)~~ as to mortgages meeting the requirements of
16 paragraph ~~(3)~~ ~~(B)~~ of subsection ~~(d)~~ of this section,
17 as provided in section 207 ~~(g)~~ of this Act with respect
18 to mortgages insured under said section 207, and the
19 provisions of subsections ~~(h)~~, ~~(i)~~, ~~(j)~~, ~~(k)~~, and ~~(l)~~
20 of section 207 of this Act shall be applicable to such
21 mortgages insured under this section, and all references
22 therein to the Housing Insurance Fund or the Housing
23 Fund shall be construed to refer to the Section 220
24 Housing Insurance Fund.

25 ~~“(g)~~ There is hereby created a Section 220 Housing

1 Insurance Fund which shall be used by the Commissioner
2 as a revolving fund for carrying out the provisions of this
3 section, and the Commissioner is hereby authorized to transfer
4 to such Fund the sum of \$1,000,000 from the War Housing
5 Insurance Fund established pursuant to the provisions of
6 section 602 of this Act. General expenses of operation of
7 the Federal Housing Administration under this section may
8 be charged to the Section 220 Housing Insurance Fund.

9 "Moneys in the Section 220 Housing Insurance Fund
10 not needed for the current operations of the Federal Housing
11 Administration under this section shall be deposited with the
12 Treasurer of the United States to the credit of such Fund, or
13 invested in bonds or other obligations of, or in bonds or other
14 obligations guaranteed as to principal and interest by, the
15 United States. The Commissioner may, with the approval of
16 the Secretary of the Treasury, purchase in the open market
17 debentures issued under the provisions of this section. Such
18 purchases shall be made at a price which will provide an
19 investment yield of not less than the yield obtainable from
20 other investments authorized by this section. Debentures
21 so purchased shall be canceled and not reissued.

22 "Premium charges, adjusted premium charges, and ap-
23 praisal and other fees received on account of the insurance
24 of any mortgage accepted for insurance under this section,
25 the receipts derived from the property covered by such mort-

1 gage and claims assigned to the Commissioner in con-
2 nection therewith shall be credited to the Section 220 Hous-
3 ing Insurance Fund. The principal of, and interest paid
4 and to be paid on debentures issued under this section, cash
5 adjustments, and expenses incurred in the handling, manage-
6 ment, renovation, and disposal of properties acquired under
7 this section shall be charged to such Fund.

8 “SEC. 221. (a) This section is designed to supplement
9 systems of mortgage insurance under other provisions of the
10 National Housing Act in order to assist in relocating families
11 to be displaced as the result of governmental action in a com-
12 munity respecting which (1) the Housing and Home Finance
13 Administrator has made the certification to the Commissioner
14 provided for by subsection 101 (c) of the Housing Act of
15 1949, as amended, or (2) there is being carried out a project
16 covered by a Federal aid contract executed, or prior approval
17 granted, by the Housing and Home Finance Administrator
18 under title I of the Housing Act of 1949, as amended, before
19 the effective date of the Housing Act of 1954. Mortgage
20 insurance under this section shall be available only in those
21 localities or communities which shall have requested such
22 mortgage insurance to be provided: *Provided*, That the Com-
23 missioner shall prescribe such procedures as in his judgment
24 are necessary to secure to the families to be so displaced,
25 referred to above, a preference or priority of opportunity to

1 purchase or rent such dwelling units: *And provided further,*
 2 That the total number of dwelling units in properties covered
 3 by mortgages insured under this section in any such commu-
 4 nity shall not exceed the total number of such dwelling units
 5 which the Commissioner determines to be needed for the
 6 relocation of families to be so displaced and who would be
 7 eligible to obtain the benefits of the insurance authorized by
 8 this section.

9 “(b) The Commissioner is authorized, upon application
 10 by the mortgagee, to insure under this section as hereinafter
 11 provided any mortgage which is eligible for insurance as pro-
 12 vided herein and, upon such terms and conditions as the
 13 Commissioner may prescribe, to make commitments for the
 14 insurance of such mortgages prior to the date of their execu-
 15 tion or disbursement thereon.

16 “(c) As used in this section, the terms ‘mortgage’, ‘first
 17 mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’ and
 18 ‘State’ shall have the same meaning as in section 201 of this
 19 Act.

20 “(d) To be eligible for insurance under this section, a
 21 mortgage shall—

22 “(1) have been made to and be held by a mort-
 23 gagee approved by the Commissioner as responsible and
 24 able to service the mortgage properly;

25 “(2) involve a principal obligation (including such

1 initial service charges, appraisal, inspection, and other
2 fees as the Commissioner shall approve) in an amount
3 not to exceed \$7,600, except that the Commissioner may
4 by regulation increase this amount to not to exceed \$8,600
5 in any geographical area where he finds that cost levels
6 so require, and not to exceed 100 per centum of the ap-
7 praised value (as of the date the mortgage is accepted for
8 insurance) of a property, upon which there is located a
9 dwelling designed principally for a single-family resi-
10 dence: *Provided*, That the mortgagor shall be the owner
11 and occupant of the property at the time of the insurance
12 and shall have paid on account of the property at least
13 \$200 (which amount may include amounts to cover set-
14 tlement costs and initial payments for taxes, hazard insur-
15 ance, mortgage insurance premium, and other prepaid
16 expenses): *Provided further*, That nothing contained
17 herein shall preclude the Commissioner from issuing a
18 commitment to insure and insuring a mortgage pursuant
19 thereto where the mortgagor is not the owner and occu-
20 pant and the property is to be built or acquired and re-
21 paired or rehabilitated for sale and the insured mortgage
22 financing is required to facilitate the construction or the
23 repair or rehabilitation of the dwelling and provide financ-
24 ing pending the subsequent sale thereof to a qualified

owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

“(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$5,000,000; and not in excess of \$7,600 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not in excess of 100 per centum of the Commissioner's estimate of the value of the property or project when repaired and rehabilitated for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

“(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed forty years from the date of insurance of the mortgage; bear interest (exclusive

1 of premium charges for insurance and service charge, if
2 any) at not to exceed 5 per centum per annum on the
3 amount of the principal obligation outstanding at any
4 time, or not to exceed such per centum per annum not
5 in excess of 6 per centum as the Commissioner finds
6 necessary to meet the mortgage market; and contain such
7 terms and provisions with respect to the application of
8 the mortgagor's periodic payment to amortization of the
9 principal of the mortgage, insurance, repairs, alterations,
10 payment of taxes, default reserves, delinquency charges,
11 foreclosure proceedings, anticipation of maturity, addi-
12 tional and secondary liens, and other matters as the
13 Commissioner may in his discretion prescribe.

14 “(e) The Commissioner may at any time, under such
15 terms and conditions as he may prescribe, consent to the
16 release of the mortgagor from his liability under the mortgage
17 or the credit instrument secured thereby, or consent to the
18 release of parts of the mortgaged property from the lien
19 of the mortgage.

20 “(f) The property or project shall comply with such
21 standards and conditions as the Commissioner may prescribe
22 to establish the acceptability of such property for mortgage
23 insurance.

24 “(g) The mortgagee shall be entitled to receive the
25 benefits of the insurance as hereinafter provided—

1 ~~“(1) as to mortgages meeting the requirements of~~
2 ~~paragraph (2) of subsection (d) of this section, as~~
3 ~~provided in section 204 (a) of this Act with respect to~~
4 ~~mortgages insured under section 203; and the provisions~~
5 ~~of subsections (b), (c), (d), (e), (f), (g), and (h)~~
6 ~~of section 204 of this Act shall be applicable to such~~
7 ~~mortgages insured under this section, except that all~~
8 ~~references therein to the Mutual Mortgage Insurance~~
9 ~~Fund or the Fund shall be construed to refer to the~~
10 ~~Section 221 Housing Insurance Fund and all references~~
11 ~~therein to section 203 shall be construed to refer to this~~
12 ~~section; or~~

13 ~~“(2) as to mortgages meeting the requirements of~~
14 ~~paragraph (3) of subsection (d) of this section, as~~
15 ~~provided in section 207 (g) of this Act with respect to~~
16 ~~mortgages insured under said section 207, and the pro-~~
17 ~~visions of subsections (h), (i), (j), (k), and (l) of~~
18 ~~section 207 of this Act shall be applicable to such mort-~~
19 ~~gages insured under this section, and all references~~
20 ~~therein to the Housing Insurance Fund or the Housing~~
21 ~~Fund shall be construed to refer to the Section 221~~
22 ~~Housing Insurance Fund; or~~

23 ~~“(3) in the event any mortgage insured under this~~
24 ~~section is not in default at the expiration of twenty years~~
25 ~~from the date the mortgage was endorsed for insurance,~~

the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate

1 determined at the time of issuance. The term 'going
2 Federal rate' as used herein means the annual rate
3 of interest which the Secretary of the Treasury shall
4 specify as applicable to the six-month period (consisting
5 of January through June or July through December)
6 which includes the issuance date of such debentures,
7 which applicable rate for each such six-month period
8 shall be determined by the Secretary of the Treasury
9 by estimating the average yield to maturity, on the
10 basis of daily closing market bid quotations or prices
11 during the month of May or the month of November, as
12 the case may be, next preceeding such six-month period,
13 on all outstanding marketable obligations of the United
14 States having a maturity date of eight to twelve years
15 from the first day of such month of May or November
16 (or, if no such obligations are outstanding, the obligation
17 next shorter than eight years and the obligation next
18 longer than twelve years, respectively, shall be used),
19 and by adjusting such estimated average annual yield
20 to the nearest one-eighth of 1 per centum. The Com-
21 missioner shall have the same authority with respect to
22 mortgages assigned to him under this paragraph as con-
23 tained in section 207 (k) and section 207 (l) as to
24 mortgages insured by the Commissioner and assigned to
25 him under section 207 of this Act.

“(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

“Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

“Premium charges, adjusted premium charges, and ap-

1 praisal and other fees received on account of the insurancee
 2 of any mortgage accepted for insurance under this section;
 3 the receipts derived from the property covered by such mort-
 4 gage and claims assigned to the Commissioner in connection
 5 therewith shall be credited to the Section 221 Housing
 6 Insurance Fund. The principal of, and interest paid and to
 7 be paid on debentures issued under this section, cash adjust-
 8 ments, and expenses incurred in the handling, management,
 9 renovation, and disposal of properties acquired under this
 10 section shall be charged to such Fund."

11 SEC. 124. Title II of said Act, as amended, is hereby
 12 further amended by adding at the end thereof the following
 13 new section to transfer to title II the mortgage insurance
 14 program in connection with the sale of certain publicly owned
 15 property as contained in section 610 of title VI; the insurance
 16 of mortgages to refinance existing loans insured under section
 17 608 of title VI and sections 903 and 908 of title IX; and to
 18 authorize the insurance under title II of mortgages assigned to
 19 the Commissioner under insurance contracts and mortgages
 20 held by the Commissioner in connection with the sale of prop-
 21 erty acquired under insurance contracts:

22 "MISCELLANEOUS HOUSING INSURANCE

23 "SEC. 222. (a) Notwithstanding any of the provisions
 24 of this title, and without regard to limitations upon eligibility
 25 contained in section 203 or section 207, the Commissioner is

1 authorized, upon application by the mortgagee, to insure or
2 make commitments to insure under section 203 or section
3 207 of this title any mortgage—

4 “(1) executed in connection with the sale by the
5 Government, or any agency or official thereof, of any
6 housing acquired or constructed under Public Law 849,
7 Seventy-sixth Congress, as amended; Public Law 781,
8 Seventy-sixth Congress, as amended; or Public Laws 9,
9 73, or 353, Seventy-seventh Congress, as amended (in-
10 cluding any property acquired, held, or constructed in
11 connection with such housing or to serve the inhabitants
12 thereof); or

13 “(2) executed in connection with the sale by the
14 Public Housing Administration, or by any public hous-
15 ing agency with the approval of the said Administration,
16 of any housing (including any property acquired, held, or
17 constructed in connection with such housing or to serve
18 the inhabitants thereof) owned or financially assisted
19 pursuant to the provisions of Public Law 671, Seventy-
20 sixth Congress; or

21 “(3) executed in connection with the sale by the
22 Government, or any agency or official thereof, of any of
23 the so-called Greenbelt towns, or parts thereof, including
24 projects, or parts thereof, known as Greenhills, Ohio;

1 Greenbelt, Maryland; and Greendale, Wisconsin, devel-
2 oped under the Emergency Relief Appropriation Act of
3 1935, or of any of the village properties under the jurisdic-
4 tion of the Tennessee Valley Authority; or

5 “(4) executed in connection with the sale by a State
6 or municipality, or an agency, instrumentality, or polit-
7 ical subdivision of either, of a project consisting of any
8 permanent housing (including any property acquired,
9 held, or constructed in connection therewith or to serve
10 the inhabitants thereof), constructed by or on behalf of
11 such State, municipality, agency, instrumentality, or
12 political subdivision, for the occupancy of veterans of
13 World War II, or Korean veterans, their families, and
14 others; or

15 “(5) executed in connection with the first resale,
16 within two years from the date of its acquisition from the
17 Government, of any portion of a project or property of
18 the character described in paragraphs (1), (2), and
19 (3) above; or

20 “(6) given to refinance an existing mortgage in-
21 sured under section 608 of title VI prior to the effective
22 date of the Housing Act of 1954 or under section 903
23 or section 908 of title IX: *Provided*, That the principal
24 amount of any such refinancing mortgage shall not ex-

ceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges

1 and service charges, if any) at not to exceed the maxi-
2 mum rate applicable to loans insured under section 203
3 or section 207, as the case may be.

4 “(b) The Commissioner shall also have authority to
5 insure under this title any mortgage assigned to him in con-
6 nection with payment under a contract of mortgage insurance
7 or executed in connection with the sale by him of any prop-
8 erty acquired under title I, title II, title VI, title VIII, or
9 title IX without regard to any limitation upon eligibility
10 contained in this title II.”

11 “SEC. 125. Title II of said Act, as amended, is hereby
12 amended by adding at the end thereof the following new
13 sections:

14 “INTEREST RATES AND MORTGAGE TERMS

15 “SEC. 223. The Commission shall make such rules and
16 regulations in connection with his functions under this Act
17 as may be necessary to carry out limitations relating thereto
18 established by the President pursuant to the authority vested
19 in him by section 201 of the Housing Act of 1954.

20 “OPEN-END MORTGAGES

21 “SEC. 224. Notwithstanding any other provisions of
22 this Act, in connection with any mortgage insured pursuant
23 to any section of this Act which covers a property upon
24 which there is located a dwelling designed principally for
25 residential use for not more than four families in the aggre-

1 gate the Commissioner is authorized, upon such terms and
 2 conditions as he may prescribe, to insure under said section
 3 the amount of any advance for the improvement or repair
 4 of such property made to the mortgagor pursuant to an 'open-
 5 end' provision in the mortgage, and to add the amount of such
 6 advance to the original principal obligation in determining
 7 the value of the mortgage for the purpose of computing the
 8 amounts of debentures and certificate of claim to which the
 9 mortgagee may be entitled: *Provided*, That the Commis-
 10 sioner may require the payment of such charges, including
 11 charges in lieu of insurance premiums, as he may consider
 12 appropriate for the insurance of such 'open-end' advances:
 13 *And provided further*, That the insurance of 'open-end'
 14 advances shall not be taken into account in determining the
 15 aggregate amount of principal obligations of mortgages which
 16 may be insured under this Act."

17 **ADDITIONAL AMENDMENTS RELATING TO FEDERAL**

18 **HOUSING ADMINISTRATION**

19 **SEC. 126.** Title VI of said Act, as amended, is hereby
 20 amended by adding the following new section at the end
 21 thereof:

22 "SEC. 612. Notwithstanding any other provision of this
 23 title, no mortgage or loan shall be insured under any section
 24 of this title after the effective date of the Housing Act of

1 1954 except pursuant to a commitment to insure issued on
2 or before such date.”

3 SEC. 127. Title VII of said Act, as amended, is hereby
4 repealed. The Housing Investment Insurance Fund estab-
5 lished to carry out the purposes of said title shall be
6 terminated as of the effective date of the Housing Act
7 of 1954, at which time all of the remaining assets of such
8 Fund, shall be transferred to the National Defense Hous-
9 ing Insurance Fund. The amount remaining of funds ap-
10 propriated to the Secretary of the Treasury by the Supple-
11 mental Appropriation Act, 1949 (Public Law 904, Eightieth
12 Congress), to be made available to the said Housing Invest-
13 ment Insurance Fund shall be carried to the surplus fund
14 of the Treasury.

15 SEC. 128. Section 803 (a) of said Act, as amended, is
16 amended by striking out “July 1, 1954” and substituting
17 therefor “June 30, 1955”.

18 SEC. 129. Section 104 of the Defense Housing and Com-
19 munity Facilities and Services Act of 1951, as amended, is
20 hereby amended by striking out the material within the
21 parentheses in clause (a) and substituting therefor “except
22 pursuant to a commitment to insure issued on or before
23 such date”.

TITLE II—FEDERAL NATIONAL MORTGAGE
ASSOCIATION

SEC. 201. Title III of the National Housing Act, as amended, is hereby amended to read as follows:

~~"TITLE III—FEDERAL NATIONAL MORTGAGE
ASSOCIATION~~

~~"PURPOSES~~

“SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

“(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

~~“(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing~~

1 programs designed to provide housing of acceptable
2 standards at full economic costs for segments of the
3 national population which are unable to obtain adequate
4 housing under established home financing programs; and
5 ~~(2)~~ home mortgages generally as a means of retarding
6 or stopping a decline in mortgage lending and home
7 building activities which threatens materially the sta-
8 bility of a high level national economy; and

9 “(e) manage and liquidate the existing mortgage
10 portfolio of the Federal National Mortgage Association
11 in an orderly manner, with a minimum of adverse effect
12 upon the home mortgage market and minimum loss to
13 the Federal Government.

14 “CREATION OF ASSOCIATION

15 “SEC. 302. (a) There is hereby created a body cor-
16 porate to be known as the ‘Federal National Mortgage Asso-
17 ciation’ (hereinafter referred to as the ‘Association’), which
18 shall be a constituent agency of the Housing and Home
19 Finance Agency. The Association shall have succession
20 until dissolved by Act of Congress. It shall maintain its
21 principal office in the District of Columbia and shall be
22 deemed, for purposes of venue in civil actions, to be a resi-
23 dent thereof. Agencies or offices may be established by the
24 Association in such other place or places as it may deem
25 necessary or appropriate in the conduct of its business.

1 “(b) For the purposes set forth in section 301 and
 2 subject to the limitations and restrictions of this title, the
 3 Association is authorized to make commitments to purchase
 4 and to purchase, service, or sell, any residential or home
 5 mortgages (or participations therein) which are insured
 6 under this Act, as amended, or which are insured or guar-
 7 anteed under the Servicemen’s Readjustment Act of 1944,
 8 as amended: *Provided*, That (1) no mortgage may be pur-
 9 chased at a price exceeding 100 per centum of the unpaid
 10 principal amount thereof at the time of purchase, with ad-
 11 justments for interest and any comparable items; and (2)
 12 the Association may not purchase any mortgage if (i) it is
 13 offered by, or covers property held by, a Federal, State,
 14 territorial, or municipal instrumentality or (ii) the original
 15 principal obligation thereof exceeds or exceeded \$15,000 for
 16 each family residence or dwelling unit covered by the mort-
 17 gage.

18 “CAPITALIZATION

19 “SEC. 303. (a) The Association shall have nonvoting
 20 capital stock, to which the Secretary of the Treasury initially
 21 shall subscribe as provided in subsections (d) and (e) of
 22 this section. The stock of the Association shall have a par
 23 value of \$100 per share, and shall not be transferable ex-
 24 cept on the books of the Association. At the option of the
 25 Association such stock shall be retireable at par value at any

1 time, except that retirements of stock (other than stock
2 held by the Secretary of the Treasury) shall not be made if,
3 as a consequence thereof, the amount remaining outstand-
4 ing would be less than \$100,000,000. With respect to such
5 stock held by him, the Secretary of the Treasury shall be
6 entitled to cumulative dividends for each fiscal year or por-
7 tion thereof, from the date or dates the capital represented by
8 such stock is initially utilized until such stock is retired, at
9 rates determined by him at the beginning of each such fiscal
10 year, taking into consideration the current average interest
11 rate on outstanding marketable obligations of the United
12 States as of the last day of the preceding fiscal year. The
13 Secretary of the Treasury shall permit the retirement of the
14 stock held by him in the manner provided in this section.
15 Funds of the capital surplus and the general surplus accounts
16 of the Association shall be available to retire the capital stock
17 held by the Secretary of the Treasury as rapidly as the
18 Association shall deem feasible.

19 “(b) The Association shall accumulate funds for its
20 capital surplus account from private sources by requiring
21 each mortgage seller to make payments of nonrefundable
22 capital contributions equal to not less than 3 per centum of
23 the unpaid principal amount of mortgages therein involved
24 in purchases or contracts for purchases between such seller
25 and the Association, or such greater percentage as may from

1 time to time be determined by the Association. In addition,
2 the Association may impose charges or fees for its services
3 with the objective that all costs and expenses of its operations
4 should be within its income derived from such operations
5 and that such operations should be fully self-supporting.
6 All earnings from the operations of the Association shall
7 annually be transferred to its general surplus account. At
8 any time, funds of the general surplus account may, in the
9 discretion of the board of directors, be transferred to reserves.
10 All dividends shall be charged against the general surplus
11 account. This subsection (b) shall not apply to the special
12 assistance functions of the Association under section 305 of
13 this title or to the management and liquidating functions of
14 the Association under section 306 of this title.

15 “(c) Until such time as all of the stock held by the Sec-
16 retary of the Treasury has been retired and the Secretary
17 of the Treasury does not hold any of the obligations of the
18 Association purchased under section 304 (c) of this title,
19 the Association shall issue, from time to time, to each mort-
20 gage seller its convertible certificates (only in denominations
21 of \$100 or multiples thereof) evidencing any capital con-
22 tributions made by such seller pursuant to subsection (b) of
23 this section, which certificates shall not be transferable except
24 on the books of the Association. Subject to such terms and
25 conditions as may be prescribed by the board of directors,

1 such certificates shall be convertible into capital stock of the
2 Association having an equal par value, but no such conversion
3 shall be permitted or made until such time as all of the out-
4 standing capital stock of the Association held by the Sec-
5 retary of the Treasury has been retired and the Secretary of
6 the Treasury does not hold any of the obligations of the Asso-
7 ciation purchased under section 304 (c) of this title.— There-
8 after, the Association may effect the direct issuance of stock in
9 lieu of and in the same manner as is provided in this subsec-
10 tion for the issuance of convertible certificates. Such divi-
11 dends as may be declared by the board of directors in its dis-
12 cretion shall be paid by the Association to its stockholders;
13 but in any one fiscal year the general surplus account of the
14 Association shall not be reduced through the payment of
15 dividends (other than to the Secretary of the Treasury)
16 which exceed in the aggregate 5 per centum of the par value
17 of the outstanding stock of the Association.

18 “(d) within ninety days following the effective date of
19 the Housing Act of 1954, as of the day following a cutoff
20 date to be determined by the Association, the Association is
21 authorized and directed to issue and deliver to the Secretary
22 of the Treasury, and the Secretary of the Treasury is au-
23 thorized and directed to accept, capital stock of the Associa-
24 tion having an aggregate par value equal to the sum of (1)
25 the amount of \$21,000,000 (being the amount of the origi-

1 nal subscription for capital stock of \$20,000,000 and paid-in
2 surplus of \$1,000,000 of the Association) and (2) an
3 amount equal to the Association's surplus, surplus reserves,
4 and undistributed earnings, computed as of the close of the
5 cutoff date.

6 “(c) The capital stock of the Association delivered to
7 the Secretary of the Treasury pursuant to subsection (d) of
8 this section shall be in exchange for (1) the note or notes
9 evidencing the aforesaid original \$21,000,000 (upon which
10 the accrued interest shall have been paid through the cutoff
11 date referred to in subsection (d) of this section); and (2)
12 the release to the Association of any and all rights or claims
13 which the United States might otherwise have or claim in
14 and to the Association's capital, surplus, surplus reserves, and
15 undistributed earnings, computed as of the close of the afore-
16 said cutoff date.

17 “(f) Notwithstanding any other provision of law, any
18 institution, including a national bank or State member bank
19 of the Federal Reserve System or any member of the Fed-
20 eral Deposit Insurance Corporation, trust company, or other
21 banking organization, organized under any law of the United
22 States, including the laws relating to the District of Columbia,
23 shall be authorized to make payments to the Association of
24 the nonrefundable capital contributions referred to in sub-
25 section (b) of this section, to receive stock or convertible

1 certificates of the Association evidencing such capital con-
2 tributions, and to hold or dispose of such stock or certificates,
3 subject to the provisions of this title.

4 “(g) As promptly as practicable after all of the capital
5 stock of the Association held by the Secretary of the Treasury
6 has been retired, the Housing and Home Finance Adminis-
7 trator shall transmit to the President for submission to the
8 Congress recommendations for such legislation as may be
9 necessary or desirable to make appropriate provisions to
10 transfer to the owners of the outstanding capital stock of the
11 Association the assets and liabilities of the Association in con-
12 nection with, and the control and management of, the second-
13 ary market operations of the Association under section 304
14 of this title in order that such operations may thereafter be
15 carried out by a privately owned and privately financed
16 corporation.

17 “SECONDARY MARKET OPERATIONS

18 “SEC. 304. (a) To carry out the purposes set forth in
19 paragraph (a) of section 301, the operations of the Asso-
20 ciation under this section shall be confined, so far as prac-
21 ticable, to mortgages which are deemed by the Association
22 to be of such quality, type, and class as to meet, generally,
23 the purchase standards imposed by private institutional mort-
24 gage investors and the Association shall not purchase any
25 mortgage insured or guaranteed prior to the effective date

1 of the Housing Act of 1954. In the interest of assuring
2 sound operation, the prices to be paid by the Association
3 for mortgages purchased in its secondary market operations
4 under this section, should be established, from time to time,
5 at the market price for the particular class of mortgages
6 involved, as determined by the Association. The volume
7 of the Association's purchases and sales, and the establish-
8 ment of the purchase prices, sale prices, and charges or fees,
9 in its secondary market operations under this section, should
10 be determined by the Association from time to time, and such
11 determinations should be consistent with the objectives that
12 such purchases and sales should be effected only at such
13 prices and on such terms as will reasonably prevent excessive
14 use of the Association's facilities, and that the operations of
15 the Association under this section should be within its in-
16 come derived from such operations and that such operations
17 should be fully self-supporting.

18 “(b) For the purposes of this section, the Association
19 is authorized to issue, upon the approval of the Secretary of
20 the Treasury, and have outstanding at any one time obliga-
21 tions having such maturities and bearing such rate or rates
22 of interest as may be determined by the Association with the
23 approval of the Secretary of the Treasury, to be redeemable
24 at the option of the Association before maturity in such

1 manner as may be stipulated in such obligations; but the
2 aggregate amount of obligations of the Association under this
3 subsection outstanding at any one time shall not exceed ten
4 times the sum of its capital, capital surplus, general surplus,
5 reserves, and undistributed earnings, and in no event shall
6 any such obligations be issued if, at the time of such pro-
7 posed issuance, and as a consequence thereof, the resulting
8 aggregate amount of its outstanding obligations under this
9 subsection would exceed the amount of the Association's own-
10 ership pursuant to this section, free from any liens or encum-
11 brances, of cash, mortgages, and bonds or other obligations
12 of, or bonds or other obligations guaranteed as to principal
13 and interest by, the United States. The Association shall
14 insert appropriate language in all of its obligations issued
15 under this subsection clearly indicating that such obligations,
16 together with the interest thereon, are not guaranteed by
17 the United States and do not constitute a debt or obligation
18 of the United States or of any agency or instrumentality
19 thereof other than the Association. The Association is
20 authorized to purchase in the open market any of its obli-
21 gations outstanding under this subsection at any time and
22 at any price.

23 “(c) The Secretary of the Treasury is authorized in
24 his discretion to purchase any obligations issued pursuant
25 to subsection (b) of this section, as now, or hereafter in force,

1 and for such purpose the Secretary of the Treasury is au-
2 thorized to use as a public debt transaction the proceeds of
3 the sale of any securities hereafter issued under the Second
4 Liberty Bond Act, as now or hereafter in force, and the pur-
5 poses for which securities may be issued under the Second
6 Liberty Bond Act, as now or hereafter in force, are ex-
7 tended to include such purchases. The Secretary of the
8 Treasury shall not at any time purchase any obligations
9 under this subsection if ~~(1)~~ all of the capital stock of the
10 Association held by the Secretary of the Treasury has been
11 retired, or ~~(2)~~ such purchase would increase the aggregate
12 principal amount of his then outstanding holdings of such
13 obligations under this subsection to an amount greater than
14 \$500,000,000 plus an amount equal to the total of such
15 reductions in the maximum dollar amount prescribed by
16 section 306 ~~(e)~~ as have theretofore been effected pursuant
17 to that section: *Provided*, That such aggregate principal
18 amount under this subsection ~~(e)~~ shall in no event exceed
19 \$1,000,000,000. Each purchase of obligations by the Sec-
20 retary of the Treasury under this subsection shall be upon
21 such terms and conditions as to yield a return at a rate
22 determined by the Secretary of the Treasury, taking into
23 consideration the current average rate on outstanding market-
24 able obligations of the United States as of the last day of
25 the month preceding the making of such purchase. The Sec-

1 retary of the Treasury may, at any time, sell, upon such
2 terms and conditions and at such price or prices as he shall
3 determine, any of the obligations acquired by him under
4 this subsection. All redemptions, purchases, and sales by
5 the Secretary of the Treasury of such obligations under this
6 subsection shall be treated as public debt transactions of the
7 United States.

8 “(d) The Association may not purchase participations
9 or make any advance contracts or commitments to purchase
10 mortgages for its operations under this section, except that
11 the Association may, in the discretion of its board of directors,
12 issue a purchase contract (which shall not be assignable or
13 transferable except with the consent of the Association) in
14 an amount not exceeding the amount of the sale of mortgages
15 purchased from the Association, entitling the holder thereof
16 to sell to the Association mortgages in the amount of the
17 contract, upon such terms and conditions as the Association
18 may prescribe.

19 “SPECIAL ASSISTANCE FUNCTIONS

20 “SEC. 305. (a) To carry out the purposes set forth in
21 paragraph (b) of section 301, the President, after taking
22 into account (1) the conditions in the building industry and
23 the national economy and (2) conditions affecting the home
24 mortgage investment market, generally, or affecting various
25 types or classifications of home mortgages, or both, and after

1 determining that such action is in the public interest, may
2 under this section authorize the Association, for such period
3 of time and to such extent as he shall prescribe, to exercise
4 its powers to make commitments to purchase and to purchase
5 such types, classes, or categories of home mortgages (includ-
6 ing participations therein) as he shall determine.

7 “(b) The operations of the Association under this sec-
8 tion shall be confined, so far as practicable, to mortgages
9 (including participations) which are deemed by the Asso-
10 ciation to be of such quality as to meet, substantially and
11 generally, the purchase standards imposed by private insti-
12 tutional mortgage investors but which, at the time of sub-
13 mission of the mortgages to the Association for purchase, are
14 not necessarily readily acceptable to such investors. Sub-
15 ject to the provisions of this section, the prices to be paid
16 by the Association for mortgages purchased in its opera-
17 tions under this section shall be established from time to
18 time by the Association. The Association shall impose
19 charges or fees for its services under this section with the
20 objective that all costs and expenses of its operations under
21 this section should be within its income derived from such
22 operations and that such operations should be fully self-
23 supporting.

24 “(c) The total amount of purchases and commitments
25 authorized by the President pursuant to subsection (a) of

1 this section shall not exceed \$200,000,000 outstanding at
2 any one time: *Provided*, That, notwithstanding such limita-
3 tion, the President pursuant to subsection (a) of this section
4 may also authorize the Association to exercise its powers
5 to enter into commitments to purchase immediate partici-
6 pations and to make related deferred participation agree-
7 ments as hereinafter in this subsection provided, but
8 only to the extent that the total amount of such immediate
9 participation commitments and purchases pursuant thereto
10 (but not including the amount of any related deferred par-
11 ticipation agreements or purchases pursuant thereto) shall
12 not in any event exceed \$100,000,000 outstanding at any
13 one time, and any such deferred participation agreements
14 shall be made by the Association only on the basis of a
15 commitment by it to purchase an immediate participation
16 of a 20 per centum undivided interest in each mortgage and
17 a related deferred participation agreement by the Asso-
18 ciation to purchase the remaining outstanding interest in
19 such mortgage conditional upon the occurrence of such a
20 default as gives rise to the right to foreclose.

21 “(d) The Association may issue to the Secretary of
22 the Treasury its obligations in an amount outstanding at any
23 one time sufficient to enable the Association to carry out
24 its functions under this section, such obligations to mature
25 not more than five years from their respective dates of issue,

1 to be redeemable at the option of the Association before
2 maturity in such manner as may be stipulated in such obliga-
3 tions. Each such obligation shall bear interest at a rate
4 determined by the Secretary of the Treasury, taking into
5 consideration the current average rate on outstanding mar-
6 ketable obligations of the United States as of the last day
7 of the month preceding the issuance of the obligation of the
8 Association. The Secretary of the Treasury is authorized to
9 purchase any obligations of the Association to be issued under
10 this section, and for such purpose the Secretary of the Treas-
11 ury is authorized to use as a public debt transaction the
12 proceeds from the sale of any securities issued under the
13 Second Liberty Bond Act, as now or hereafter in force, and
14 the purposes for which securities may be issued under the
15 Second Liberty Bond Act, as now or hereafter in force, are
16 extended to include any purchases of the Association's
17 obligations hereunder.

18 "MANAGEMENT AND LIQUIDATING FUNCTIONS

19 "SEC. 306. (a) To carry out the purposes set forth in
20 paragraph (c) of section 301, the Association is authorized
21 and directed, as of the close of the cutoff date determined
22 by the Association pursuant to section 303 (d) of this title,
23 to establish separate accountability for all of its assets and
24 liabilities (exclusive of capital, surplus, surplus reserves, and
25 undistributed earnings to be evidenced by capital stock as

1 provided in section 303 (d) hereof, but inclusive of all rights
2 and obligations under any outstanding contracts), and to
3 maintain such separate accountability for the management
4 and orderly liquidation of such assets and liabilities as pro-
5 vided in this section.

6 “(b) For the purposes of this section and to assure that,
7 to the maximum extent, and as rapidly as possible, private
8 financing will be substituted for Treasury borrowings other-
9 wise required to carry mortgages held under the aforesaid
10 separate accountability, the Association is authorized to issue,
11 upon the approval of the Secretary of the Treasury, and have
12 outstanding at any one time obligations having such matu-
13 rities and bearing such rate or rates of interest as may be
14 determined by the Association with the approval of the Sec-
15 retary of the Treasury, to be redeemable at the option of the
16 Association before maturity in such manner as may be stipu-
17 lated in such obligations; but in no event shall any such
18 obligations be issued if, at the time of such proposed issuance,
19 and as a consequence thereof, the resulting aggregate amount
20 of its outstanding obligations under this subsection would
21 exceed the amount of the Association's ownership under the
22 aforesaid separate accountability, free from any liens or
23 encumbrances, of cash, mortgages, and bonds or other
24 obligations of, or bonds or other obligations guaranteed
25 as to principal and interest by, the United States. The pro-

ceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

“(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancella-

1 tion of any commitments to purchase mortgages thereunder;
2 as reflected by the books of the Association, with the objective
3 that the entire aforesaid maximum amount shall be eliminated
4 with the orderly liquidation of all mortgages held under the
5 aforesaid separate accountability: *And provided further,*
6 That nothing in this subsection shall preclude the Association
7 from granting such usual and customary increases in the
8 amounts of outstanding commitments (resulting from in-
9 creased costs or otherwise) as have theretofore been covered
10 by like increases in commitments granted by the agencies of
11 the Federal Government insuring or guaranteeing the mort-
12 gages. There shall be excluded from the total amounts set
13 forth in this subsection and subsection (e) of this section
14 the amounts of any mortgages otherwise transferred by law
15 to the Association and held under the aforesaid separate
16 accountability.

17 “(d) The Association may issue to the Secretary of the
18 Treasury its obligations in an amount outstanding at any
19 one time sufficient to enable the Association to carry out its
20 functions under this section, such obligations to mature not
21 more than five years from their respective dates of issue, to
22 be redeemable at the option of the Association before ma-
23 turity in such manner as may be stipulated in such obliga-
24 tions. Each such obligation shall bear interest at a rate
25 determined by the Secretary of the Treasury, taking into

1 consideration the current average rate on outstanding mar-
 2 ketable obligations of the United States as of the last day of
 3 the month preceding the issuance of the obligation of the
 4 Association. The Secretary of the Treasury is authorized to
 5 purchase any obligations of the Association to be issued
 6 under this section, and for such purpose the Secretary of the
 7 Treasury is authorized to use as a public debt transaction
 8 the proceeds from the sale of any securities issued under the
 9 Second Liberty Bond Act, as now or hereafter in force, and
 10 the purposes for which securities may be issued under the
 11 Second Liberty Bond Act, as now or hereafter in force, are
 12 extended to include any purchases of the Association's obliga-
 13 tions hereunder.

14 “(c) Of the \$3,650,000,000 total amount of invest-
 15 ments, loans, purchases, and commitments heretofore au-
 16 thorized to be outstanding at any one time under this title
 17 III prior to the enactment of the Housing Act of 1954, a
 18 total of not to exceed \$300,000,000 shall be applicable as
 19 provided in section 305 of this title, and a total of not to ex-
 20 ceed \$3,350,000,000 shall be applicable as provided in sub-
 21 section (c) of this section.

22 “SEPARATE ACCOUNTABILITY

23 “SEC. 307. (a) The Association shall establish and at all
 24 times maintain separate accountability for (1) its secondary
 25 market operations authorized by section 304 hereof, (2) its

1 special assistance functions authorized by section 305 hereof,
2 and ~~(3)~~ its management and liquidating functions authorized
3 by section 306 hereof.

4 ~~“(b) With respect to the functions or operations of the~~
5 Association under sections 305 and 306, respectively, of this
6 title, ~~(1)~~ there shall be no recourse to the capitalization of the
7 Association provided for by section 303 of this title, and ~~(2)~~
8 mortgage sellers shall not be required to make payment to the
9 Association of the capital contributions provided for by sec-
10 tion 303 ~~(b)~~ of this title.

11 ~~“(c) All of the benefits and burdens incident to the ad-~~
12 ministration of the functions and operations of the Associa-
13 tion under sections 305 and 306, respectively, of this title,
14 after allowance for related obligations of the Association, its
15 prorated expenses, and the like, including amounts required
16 for the establishment of such reserves as the board of directors
17 of the Association shall deem appropriate, shall inure solely
18 to the Secretary of the Treasury, and such related earnings or
19 other amounts as become available shall be paid annually by
20 the Association to the Secretary of the Treasury for covering
21 into miscellaneous receipts.

22 ~~“BOARD OF DIRECTORS~~

23 ~~“SEC. 308. (a) The Association shall have a Board~~
24 of Directors consisting of five persons, one of whom shall be

1 the Housing and Home Finance Administrator as Chairman
2 of the Board, and four of whom shall be appointed by said
3 Administrator from among the officers or employees of the
4 Association, of the immediate office of said Administrator,
5 or (with the consent of the head of such department or
6 agency) of any other department or agency of the Federal
7 Government. The board of directors shall meet at the call
8 of its chairman, who shall require it to meet not less often
9 than once each month. Within the limitations of law, the
10 board shall determine the general policies which shall govern
11 the operations of the Association. The chairman of the
12 board shall select and effect the appointment of qualified per-
13 sons to fill the offices of president and vice president, and
14 such other offices as may be provided for in the bylaws, with
15 such executive functions, powers, and duties as may be pre-
16 scribed by the bylaws or by the board of directors, and
17 such persons shall be the executive officers of the Associa-
18 tion and shall discharge all such executive functions, powers,
19 and duties. The basic rate of compensation of the position
20 of president of the Association shall be the same as the basic
21 rate of compensation established for the heads of the con-
22 stituent agencies of the Housing and Home Finance Agency.
23 The members of the board, as such, shall not receive com-
24 pensation for their services.

1 “GENERAL POWERS

2 “SEC. 309. (a) The Association shall have power to
3 adopt, alter, and use a corporate seal, which shall be judi-
4 cially noticed; by its board of directors, to adopt, amend, and
5 repeal bylaws governing the performance of the powers and
6 duties granted to or imposed upon it by law; to enter into
7 and perform contracts, leases, cooperative agreements, or
8 other transactions, on such terms as it may deem appropriate,
9 with any agency or instrumentality of the United States,
10 or with any State, territory, or possession, or with any
11 political subdivision thereof, or with any person, firm, asso-
12 ciation, or corporation; to execute, in accordance with its
13 bylaws, all instruments necessary or appropriate in the
14 exercise of any of its powers; in its corporate name, to sue
15 and to be sued, and to complain and to defend, in any court
16 of competent jurisdiction, State or Federal, but no attach-
17 ment, injunction, or other similar process; mesne or final,
18 shall be issued against the property of the Association or
19 against the Association with respect to its property; to con-
20 duct its business in any State of the United States, including
21 the District of Columbia, the Commonwealth of Puerto Rico,
22 and the territories and possessions of the United States; to
23 lease, purchase, or acquire any property, real, personal, or
24 mixed, or any interest therein, to hold, rent, maintain, mod-
25 ernize, renovate, improve, use, and operate such property, and

1 to sell, for cash or credit, lease, or otherwise dispose of the
2 same, at such time and in such manner as and to the extent
3 that the Association may deem necessary or appropriate; to
4 prescribe, repeal, and amend or modify, rules, regulations, or
5 requirements governing the manner in which its general busi-
6 ness may be conducted; to accept gifts or donations of serv-
7 ices, or of property, real, personal, or mixed, tangible, or
8 intangible, in aid of any of the purposes of the Association;
9 and to do all things as are necessary or incidental to the
10 proper management of its affairs and the proper conduct of
11 its business.

12 “(b) Except as may be otherwise provided in this title,
13 in the Government Corporation Control Act, or in other
14 laws specifically applicable to Government corporations, the
15 Association shall determine the necessity for and the char-
16 acter and amount of its obligations and expenditures and the
17 manner in which they shall be incurred, allowed, paid, and
18 accounted for.

19 “(c) The Association, including its franchise, capital,
20 reserves, surplus, mortgages, and income shall be exempt
21 from all taxation now or hereafter imposed by the United
22 States, by any territory, dependency, or possession thereof,
23 or by any State, county, municipality, or local taxing author-
24 ity, except that (1) any real property of the Association
25 shall be subject to State, territorial, county, municipal, or

1 local taxation to the same extent according to its value as
2 other real property is taxed, and ~~(2)~~ the Association shall,
3 with respect to its secondary market operations under sec-
4 tion 304 after the cutoff date referred to in section 303 ~~(d)~~
5 of this title, pay annually to the Secretary of the Treasury,
6 for covering into miscellaneous receipts, an amount equiva-
7 lent to the amount of Federal income taxes for which it would
8 be subject if it were not exempt from such taxes with respect
9 to such secondary market operations.

10 “~~(d)~~ The Chairman of the Board shall have power to
11 select and appoint or employ such officers, attorneys, em-
12 ployees, and agents, to vest them with such powers and
13 duties, and to fix and to cause the Association to pay such
14 compensation to them for their services, as he may deter-
15 mine, subject to the civil service and classification laws.
16 Bonds may be required for the faithful performance of their
17 duties, and the Association may pay the premiums therefor.
18 With the consent of any Government corporation or Federal
19 Reserve bank, or of any board, commission, independent
20 establishment, or executive department of the Government,
21 the Association may avail itself on a reimbursable basis of
22 the use of information, services, facilities, officers, and em-
23 ployees thereof, including any field service thereof, in carry-
24 ing out the provisions of this title.

25 “~~(e)~~ No individual, association, partnership, or corpora-

1 tion, except the body corporate created by section 302 of
2 this title, shall hereafter use the words 'Federal National
3 Mortgage Association' or any combination of such words,
4 as the name or a part thereof under which he or it shall do
5 business. Every individual, partnership, association, or cor-
6 poration violating this prohibition shall be guilty of a mis-
7 demeanor and shall be punished by a fine of not exceeding
8 \$100 or imprisonment not exceeding thirty days, or both, for
9 each day during which such violation is committed or
10 repeated.

11 “(f) In order that the Association may be supplied with
12 such forms of obligations or certificates as it may need for
13 issuance under this title, the Secretary of the Treasury is
14 authorized, upon request of the Association, to prepare such
15 forms as shall be suitable and approved by the Association,
16 to be held in the Treasury subject to delivery, upon order
17 of the Association. The engraved plates, dies, bed pieces,
18 and other material executed in connection therewith shall
19 remain in the custody of the Secretary of the Treasury. The
20 Association shall reimburse the Secretary of the Treasury
21 for any expenses incurred in the preparation, custody, and
22 delivery of such forms.

23 “(g) The Federal Reserve banks are authorized and
24 directed to act as depositaries, custodians, and fiscal agents

1 for the Association in the general performance of its powers;
 2 and the Association shall reimburse such Federal Reserve
 3 banks for such services in such manner as may be agreed
 4 upon.

5 "INVESTMENT OF FUNDS

6 "SEC. 310. Moneys of the Association not invested in
 7 mortgages or in operating facilities shall be kept in cash
 8 on hand or on deposit, or invested in bonds or other obliga-
 9 tions of, or in bonds or other obligations guaranteed as to
 10 principal and interest by, the United States.

11 "OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

12 "SEC. 311. All obligations issued by the Association
 13 shall be lawful investments, and may be accepted as security
 14 for all fiduciary, trust, and public funds, the investment or
 15 deposit of which shall be under the authority and control of
 16 the United States or any officer or officers thereof.

17 "SHORT TITLE

18 "SEC. 312. This title III may be referred to as the
 19 'Federal National Mortgage Association Charter Act'."

20 SEC. 202. The Federal National Mortgage Association,
 21 established pursuant to the provisions of title III of the Na-
 22 tional Housing Act as in effect prior to July 1, 1948, and
 23 named in section 101 of the Government Corporation Control
 24 Act, as amended, shall be the body corporate referred to in

1 section 302 of title III of the National Housing Act, as
2 amended by the Housing Act of 1954.

3 SEC. 203. —The penultimate sentence of paragraph
4 Seventh of section 5136 of the Revised Statutes, as amended,
5 is hereby amended by striking “or obligations of national
6 mortgage associations” and inserting “or obligations of the
7 Federal National Mortgage Association”.

8 SEC. 204. (a) Subsection (h) of section 14 of the
9 Federal Home Loan Bank Act, as amended, is hereby
10 amended by inserting after “in obligations of the United
11 States” a comma and the following: “in obligations of the
12 Federal National Mortgage Association,”. The last sentence
13 of section 16 of said Act is amended by inserting after “in
14 direct obligations of the United States” a comma and the
15 following: “in obligations of the Federal National Mortgage
16 Association,”.

17 (b) The first paragraph of subsection (e) of section 5
18 of the Home Owners' Loan Act of 1933, as amended, is
19 hereby amended by inserting in the second proviso before
20 the colon and after “Federal Home Loan Bank” the follow-
21 ing: “or in the obligations of the Federal National Mortgage
22 Association”.

23 SEC. 205. Subsection (b) of section 2 of the Alaska
24 Housing Act, as amended, is hereby repealed.

1 SEC. 206. Public Law 243, Eighty-second Congress, ap-
2 proved October 30, 1951, as amended, is hereby repealed.

3 SEC. 207. The functions of the Housing and Home
4 Finance Administrator (including the function of making
5 payments to the Secretary of the Treasury) under section 2
6 of Reorganization Plan Numbered 22 of 1950, together with
7 the notes and capital stock of the Federal National Mortgage
8 Association held by said Administrator thereunder, are here-
9 by transferred to the Federal National Mortgage Association.

~~TITLE III—SLUM CLEARANCE AND URBAN~~

~~RENEWAL~~

12 SEC. 301. The heading of title I of the Housing Act of
13 1949, as amended, is hereby amended to read "TITLE I—
14 ~~SLUM CLEARANCE AND URBAN RENEWAL~~".

15 SEC. 302. Title I of said Act, as amended, is hereby
16 amended by inserting the following new section immediately
17 after the heading of title I:

18 ~~“URBAN RENEWAL FUND~~

19 “SEC. 100. The authorizations, funds, and appropriations
20 available pursuant to sections 103 and 104 hereof shall con-
21 stitute a fund, to be known as the ‘Urban Renewal Fund’,
22 and shall be available for advances, loans, and capital grants
23 to local public agencies for urban renewal projects in ac-
24 cordance with the provisions of this title, and all contracts.

1 obligations, assets, and liabilities existing under or pursuant
2 to said sections prior to the enactment of the Housing Act
3 of 1954 are hereby transferred to said Fund."

4 SEC. 303. Section 101 of said Act, as amended, is hereby
5 amended to read as follows:

6 "SEC. 101. (a) In entering into any contract for ad-
7 vances for surveys, plans, and other preliminary work for
8 projects under this title, the Administrator shall give con-
9 sideration to the extent to which appropriate local public
10 bodies have undertaken positive programs (through the adop-
11 tion, modernization, administration, and enforcement of hous-
12 ing, zoning, building and other local laws, codes and regula-
13 tions relating to land use and adequate standards of health,
14 sanitation, and safety for buildings, including the use and
15 occupancy of dwellings) for (1) preventing the spread or
16 recurrence in the community of slums and blighted areas,
17 and (2) encouraging housing cost reductions through the
18 use of appropriate new materials, techniques, and methods in
19 land and residential planning, design, and construction, the
20 increase of efficiency in residential construction, and the
21 elimination of restrictive practices which unnecessarily in-
22 crease housing costs.

23 "(b) In the administration of this title, the Adminis-
24 trator shall encourage the operations of such local public
25 agencies as are established on a State, or regional (within a

1 State) or unified metropolitan basis or as are established on
2 such other basis as permits such agencies to contribute effec-
3 tively toward the solution of community development or
4 redevelopment problems on a State, or regional (within a
5 State), or unified metropolitan basis.

6 “(c) No contract shall be entered into for any loan or
7 capital grant under this title, or for annual contributions or
8 capital grants pursuant to the United States Housing Act of
9 1937, as amended, for any project or projects not constructed
10 or covered by a contract for annual contributions prior to the
11 effective date of the Housing Act of 1954, and no mortgage
12 shall be insured, and no commitment to insure a mortgage
13 shall be issued, under section 220 or 221 of the National
14 Housing Act, as amended, unless (1) there is presented to
15 the Administrator by the locality a workable program (which
16 shall include an official plan of action, as it exists from time
17 to time, for effectively dealing with the problem of urban
18 slums and blight within the community and for the establish-
19 ment and preservation of a well-planned community with
20 well-organized residential neighborhoods of decent homes and
21 suitable living environment for adequate family life) for
22 utilizing appropriate private and public resources to eliminate,
23 and prevent the development or spread of, slums and urban
24 blight, to encourage needed urban rehabilitation, to provide
25 for the redevelopment of blighted, deteriorated, or slum areas,

1 or to undertake such of the aforesaid activities or other
 2 feasible community activities as may be suitably employed
 3 to achieve the objectives of such a program, and (2) on the
 4 basis of his review of such program, the Administrator de-
 5 termines that such program meets the requirements of this
 6 subsection and certifies to the constituent agencies affected
 7 that the Federal assistance may be made available in such
 8 community: *Provided*, That this sentence shall not apply to
 9 the insurance of, or commitment to insure, a mortgage under
 10 section 220 of the National Housing Act, as amended, if the
 11 mortgaged property is in an area referred to in clause (2) of
 12 section 220 (a), or under section 221 of the National Hous-
 13 ing Act, as amended, if the mortgaged property is in a com-
 14 munity referred to in clause (2) of section 221 (a).

15 “(d) The Administrator is authorized to establish facil-
 16 ities (1) for furnishing to communities, at their request, an
 17 urban renewal service to assist them in the preparation of a
 18 workable program as referred to in the preceding subsection
 19 and to provide them with technical and professional assist-
 20 ance for planning and developing local urban renewal pro-
 21 grams, and (2) for the assembly, analysis and reporting of
 22 information pertaining to such programs.”

23 SEC. 304. Section 102 of said Act, as amended, is
 24 hereby amended—

25 (1) by amending the first sentence in subsection

1 ~~(a)~~ to read as follows: "To assist local communities in
2 the elimination of slums and blighted or deteriorated or
3 deteriorating areas, in preventing the spread of slums,
4 blight or deterioration, and in providing maximum
5 opportunity for the redevelopment, rehabilitation, and
6 conservation of such areas by private enterprise, the Ad-
7 ministrator may make temporary and definitive loans to
8 local public agencies in accordance with the provisions
9 of this title for the undertaking of urban renewal
10 projects.";

11 ~~(2)~~ by inserting in the second sentence of subsec-
12 tion ~~(a)~~ before the word "expenditures" the word "esti-
13 mated" and by inserting after the word "bonds" the
14 words "or other obligations";

15 ~~(3)~~ by striking out "new uses of land in the project
16 area" at the end of the first sentence of subsection ~~(b)~~
17 and inserting "new uses of such land in the project
18 area";

19 ~~(4)~~ by striking out the words "bear interest at such
20 rate" in the second sentence of subsection ~~(b)~~ and
21 inserting "bear interest at such rate"; and

22 ~~(5)~~ by amending subsection ~~(d)~~ to read as follows:

23 "~~(d)~~ The Administrator may make advances of
24 funds to local public agencies for surveys and plans for
25 urban renewal projects which may be assisted under this

title, including, but not limited to, (i) plans for carrying
 out a program of voluntary repair and rehabilitation of
 buildings and improvements, (ii) plans for the enforce-
 ment of State and local laws, codes, and regulations re-
 lating to the use of land and the use and occupancy of
 buildings and improvements, and to the compulsory
 repair, rehabilitation, demolition, or removal of buildings
 and improvements, and (iii) appraisals, title searches,
 and other preliminary work necessary to prepare for the
 acquisition of land in connection with the undertaking of
 such projects. The contract for any such advance of
 funds shall be made upon the condition that such advance
 of funds shall be repaid, with interest at not less than the
 applicable going Federal rate, out of any moneys which
 become available to the local public agency for the
 undertaking of the project involved.”

SEC. 305. Subsection (a) of section 103 of said Act, as
 amended, is hereby amended to read as follows:

“(a) The Administrator may make capital grants to
 local public agencies in accordance with the provisions of
 this title for urban renewal projects: *Provided*, That the
 Administrator shall not make any contract for capital grant
 with respect to a project which consists of open land under
 clause (1) (iii) of the second sentence of section 110 (c).
 The aggregate of such capital grants with respect to all the

1 projects of a local public agency on which contracts for cap-
 2 ital grants have been made under this title shall not exceed
 3 two-thirds of the aggregate of the net project costs of such
 4 projects, and the capital grant with respect to any individual
 5 project shall not exceed the difference between the net
 6 project cost and the local grants-in-aid actually made with
 7 respect to the project.”

8 SEC. 306. Section 104 of said Act, as amended, is
 9 hereby amended by striking “section 110 (f) of land” and
 10 inserting “section 110 (f) of the property”.

11 SEC. 307. Section 105 of said Act, as amended, is
 12 hereby amended—

13 (1) by striking “Contracts for financial aid” and
 14 inserting “Contracts for loans or capital grants”;

15 (2) by amending subsections (a) and (b) to read
 16 as follows:

17 “(a) The urban renewal plan (including any re-
 18 development plan constituting a part thereof) for the
 19 urban renewal area be approved by the governing body
 20 of the locality in which the project is situated, and that
 21 such approval include findings by the governing body
 22 that (i) the financial aid to be provided in the contract
 23 is necessary to enable the project to be undertaken in
 24 accordance with the urban renewal plan; (ii) the urban
 25 renewal plan will afford maximum opportunity, con-

1 sistent with the sound needs of the locality as a whole;
 2 for the rehabilitation or redevelopment of the urban
 3 renewal area by private enterprise; and ~~(iii)~~ the urban
 4 renewal plan conforms to a general plan for the develop-
 5 ment of the locality as a whole;

6 “(b) When real property acquired or held by the
 7 local public agency in connection with the project is sold
 8 or leased, the purchasers or lessees and their assignees
 9 shall be obligated ~~(i)~~ to devote such property to the uses
 10 specified in the urban renewal plan for the project area;
 11 ~~(ii)~~ to begin within a reasonable time any improve-
 12 ments on such property required by the urban renewal
 13 plan; and ~~(iii)~~ to comply with such other conditions as
 14 the Administrator finds, prior to the execution of the
 15 contract for loan or capital grant pursuant to this title,
 16 are necessary to carry out the purposes of this title:
 17 *Provided*, That clauses ~~(ii)~~ and ~~(iii)~~ of this subsection
 18 shall not apply to mortgagees and others who acquire an
 19 interest in such property as the result of the enforcement
 20 of any lien or claim thereon;”;

21 ~~(3)~~ by striking the word “project” wherever it
 22 appears in subsection ~~(c)~~ and inserting the term “urban
 23 renewal”; and

24 ~~(4)~~ by striking out the proviso at the end of sub-

1 section (c); and substituting a period for the colon pre-
2 ceding said proviso.

3 SEC. 308. Section 106 of said Act, as amended, is
4 hereby amended by inserting the following proviso before
5 the period at the end of subsection (b): “: *Provided*, That
6 necessary expenses of inspections and audits, and of provid-
7 ing representatives at the site, of projects being planned or
8 undertaken by local public agencies pursuant to this title
9 shall be compensated by such agencies by the payment of
10 fixed fees which in the aggregate will cover the costs of
11 rendering such services, and such expenses shall be considered
12 nonadministrative; and for the purpose of providing such in-
13 spections and audits and of providing representatives at the
14 sites, the Administrator may utilize any agency and such
15 agency may accept reimbursement or payment for such
16 services from such local public agencies or the Administrator,
17 and credit such amounts to the appropriations or funds
18 against which such charges have been made”.

19 SEC. 309. Section 107 of said Act, as amended, is hereby
20 amended by striking out the word “redevelopment plan”
21 and inserting “urban renewal plan”.

22 SEC. 310. Section 109 of said Act, as amended, is hereby
23 amended to read as follows:

1 “SEC. 109. In order to protect labor standards—

2 “(a) any contract for loan or capital grant pursuant
3 to this title shall contain a provision requiring that not
4 less than the salaries prevailing in the locality, as deter-
5 mined or adopted (subsequent to a determination under
6 applicable State or local law) by the Administrator, shall
7 be paid to all architects, technical engineers, draftsmen,
8 and technicians employed in the development of the
9 project involved and shall also contain a provision that
10 not less than the wages prevailing in the locality, as pre-
11 determined by the Secretary of Labor pursuant to the
12 Davis-Bacon Act (49 Stat. 1011), shall be paid to all
13 laborers and mechanics, except such laborers or me-
14 chanics who are employees of municipalities or other
15 local public bodies, employed in the development of
16 the project involved for work financed in whole or in
17 part with funds made available pursuant to this title;
18 and the Administrator shall require certification as to
19 compliance with the provisions of this paragraph prior
20 to making any payment under such contract; and

21 “(b) the provisions of title 18, United States Code,
22 section 874, and of title 40, United States Code, section
23 276e, shall apply to work financed in whole or in part

1 with funds made available for the development of a
2 project pursuant to this title.”

3 SEC. 311. Section 110 of said Act, as amended, is hereby
4 amended to read as follows:

5 “SEC. 110. The following terms shall have the meanings,
6 respectively, ascribed to them below, and, unless the context
7 clearly indicates otherwise, shall include the plural as well
8 as the singular number:

9 “(a) ‘Urban renewal area’ means an urban area that
10 (1) the governing body of the locality determines to be
11 blighted, deteriorated, or deteriorating and designates as ap-
12 propriate for an urban renewal project, and (2) the Admin-
13 istrator approves as appropriate for a project under this title.

14 “(b) ‘Urban renewal plan’ means a plan, as it exists
15 from time to time, for an urban renewal project, which plan
16 (1) shall conform to the general plan of the locality as
17 a whole and to the workable program referred to in section
18 101 hereof; (2) shall be sufficiently complete to indicate
19 such land acquisition, demolition and removal of structures,
20 redevelopment, improvements, and rehabilitation as may be
21 proposed to be carried out in the urban renewal area, zoning
22 and planning changes, if any, land uses, maximum densities,
23 building requirements, and the plan’s relationship to definite
24 local objectives respecting appropriate land uses, improved
25 traffic, public transportation, public utilities, recreational and

1 community facilities, and other public improvements; and
 2 ~~(3)~~ shall include, for any part of the urban renewal area
 3 proposed to be acquired and redeveloped in accordance with
 4 clause ~~(1)~~ of the second sentence of subsection ~~(c)~~ of this
 5 section, a redevelopment plan approved by the governing
 6 body of the locality.

7 “~~(c)~~ ‘Urban renewal project’ or ‘project’ may include
 8 undertakings and activities of a local public agency in an
 9 urban renewal area for the elimination and for the preven-
 10 tion of the development or spread of slums and blight, in
 11 accordance with an urban renewal plan to achieve sound
 12 community objectives for the establishment and preservation
 13 of well-planned residential neighborhoods of decent homes
 14 and suitable living environment for adequate family life, and
 15 may involve slum clearance and redevelopment in an urban
 16 renewal area, or rehabilitation or conservation in an urban
 17 renewal area, or any combination or part thereof, in accord-
 18 ance with such urban renewal plan. For the purposes of this
 19 subsection, ‘slum clearance and redevelopment’ may include
 20 ~~(1)~~ acquisition of ~~(i)~~ a slum area or a deteriorated or
 21 deteriorating area, or ~~(ii)~~ land which is either open or pre-
 22 dominantly open and which because of obsolete platting,
 23 diversity of ownership, deterioration of structures or of site
 24 improvements, or otherwise, substantially impairs or arrests
 25 the sound growth of the community, or ~~(iii)~~ open land neces-

1 sary for sound community growth which is to be developed
2 for predominantly residential uses: *Provided*, That the
3 requirement in paragraph (a) of this section that the area
4 be blighted, deteriorated, or deteriorating shall not be
5 applicable in the case of an open land project; ~~(2)~~ demo-
6 lition and removal of buildings and improvements; ~~(3)~~
7 installation, construction, or reconstruction of streets, utilities,
8 parks, playgrounds, and other improvements necessary for
9 carrying out in the area the urban renewal objectives of this
10 title in accordance with the urban renewal plan; and ~~(4)~~
11 making the land available for development or redevelopment
12 by private enterprise or public agencies ~~(including sale,~~
13 ~~initial leasing, or retention by the local public agency itself)~~
14 at its fair value for uses in accordance with the urban re-
15 newal plan. For the purposes of this subsection, 'rehabilita-
16 tion' or 'conservation' may include the restoration and
17 renewal of a blighted, deteriorated, or deteriorating area by
18 ~~(1)~~ carrying out plans for a program of voluntary repair and
19 rehabilitation of buildings or other improvements in accord-
20 ance with the urban renewal plan; ~~(2)~~ acquisition of real
21 property and demolition or removal of buildings and improve-
22 ments thereon where necessary to eliminate unhealthful, in-
23 sanitary or unsafe conditions, lessen density, eliminate
24 obsolete or other uses detrimental to the public welfare, or to
25 otherwise remove or prevent the spread of blight or deteriora-

tion, or to provide land for needed public facilities; ~~(3)~~ installation, construction, or reconstruction, of such improvements as are described in clause ~~(3)~~ of the preceding sentence; and ~~(4)~~ the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

“For the purposes of this title, the term ‘project’ shall not include the construction or improvement of any building, and the term ‘redevelopment’ and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term ‘project’ shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses ~~(2)~~ and ~~(3)~~ of section 110 ~~(d)~~ hereof.

“~~(d)~~ ‘Local grants-in-aid’ shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of ~~(1)~~ cash grants; ~~(2)~~ donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area,

1 and demolition, removal, or other work or improvements in
2 the urban renewal area, at the cost thereof, of the types
3 described in clause (2) and clause (3) of either the second
4 or third sentence of section 110 (c); and (3) the provision,
5 at their cost, of public buildings or other public facilities
6 (other than publicly-owned housing, and revenue-producing
7 public utilities, the capital cost of which is financed by service
8 charges or special assessments) which are necessary for carry-
9 ing out in the area the urban renewal objectives of this title in
10 accordance with the urban renewal plan: *Provided*, That in
11 any case where, in the determination of the Administrator,
12 any park, playground, public building, or other public facility
13 is of direct benefit both to the urban renewal area and to other
14 areas, and the approximate degree of the benefit to such other
15 areas is estimated by the Administrator at 20 per centum or
16 more of the total benefits, the Administrator shall provide that,
17 for the purpose of computing the amount of the local grants-
18 in-aid for the project, there shall be included only such por-
19 tion of the cost of such facility as the Administrator estimates
20 to be proportionate to the approximate degree of the benefit
21 of such facility to the urban renewal area: *And provided fur-*
22 *ther*, That for the purpose of computing the amount of local
23 grants-in-aid under this section 110 (d), the estimated cost
24 (as determined by the Administrator) of parks, playgrounds,

1 public buildings, or other public facilities may be deemed to
 2 be the actual cost thereof if (i) the construction or provision
 3 thereof is not completed at the time of final disposition of land
 4 in the project to be acquired and disposed of under the urban
 5 renewal plan, and (ii) the Administrator has received assur-
 6 ances satisfactory to him that such park, playground, public
 7 building, or other public facility will be constructed or com-
 8 pleted when needed and within a time prescribed by him.
 9 With respect to any demolition or removal work, improvement,
 10 or facility for which a State, municipality, or other public
 11 body has received or has contracted to receive any grant or
 12 subsidy from the United States, or any agency or instru-
 13 mentality thereof, the portion of the cost thereof defrayed or
 14 estimated by the Administrator to be defrayed with such
 15 subsidy or grant shall not be eligible for inclusion as a local
 16 grant-in-aid.

17 “(c) ‘Gross project cost’ shall comprise (1) the amount
 18 of the expenditures by the local public agency with respect
 19 to any and all undertakings necessary to carry out the
 20 project (including the payment of carrying charges, but not
 21 beyond the point where the project is completed); and (2)
 22 the amount of such local grants-in-aid as are furnished in
 23 forms other than cash.

24 “(f) ‘Net project cost’ shall mean the difference be-

1 tween the gross project cost and the aggregate of ~~(1)~~ the
2 total sales prices of all land or other property sold, and ~~(2)~~
3 the total capital values ~~(i)~~ imputed, on a basis approved by
4 the Administrator, to all land or other property leased, and
5 ~~(ii)~~ used as a basis for determining the amounts to be trans-
6 ferred to the project from other funds of the local public
7 agency to compensate for any land or other property re-
8 tained by it for use in accordance with the urban renewal
9 plan.

10 “~~(g)~~ ‘Going Federal rate’ means (with respect to any
11 contract for a loan or advance entered into after the first
12 annual rate has been specified as provided in this sentence)-
13 the annual rate of interest which the Secretary of the Treas-
14 ury shall specify as applicable to the six-month period (be-
15 ginning with the six-month period ending December 31,
16 1953) during which the contract for loan or advance is made;
17 which applicable rate for each six-month period shall be
18 determined by the Secretary of the Treasury by estimating
19 the average yield to maturity, on the basis of daily closing
20 market bid quotations or prices during the month of May
21 or the month of November, as the case may be, next preced-
22 ing such six-month period, on all outstanding marketable
23 obligations of the United States having a maturity date of
24 fifteen or more years from the first day of such month of May

1 or November, and by adjusting such estimated average an-
2 nual yield to the nearest one-eighth of 1 per centum. Any
3 contract for loan made may be revised or superseded by a
4 later contract, so that the going Federal rate, on the basis
5 of which the interest rate on the loan is fixed, shall mean
6 the going Federal rate, as herein defined, on the date that
7 such contract is revised or superseded by such later contract.

8 “(h) ‘Local public agency’ means any State, county,
9 municipality, or other governmental entity or public body,
10 or two or more such entities or bodies, authorized to under-
11 take the project for which assistance is sought. ‘State’ in-
12 cludes the several States, the District of Columbia, the Com-
13 monwealth of Puerto Rico, and the territories and posses-
14 sions of the United States.

15 “(i) ‘Land’ means any real property, including im-
16 proved or unimproved land, structures, improvements, ease-
17 ments, incorporeal hereditaments, estates, and other rights in
18 land, legal or equitable.

19 “(j) ‘Administrator’ means the Housing and Home
20 Finance Administrator.”

21 SEC. 312. Notwithstanding the amendments of this title
22 to title I of the Housing Act of 1949, as amended, the
23 Administrator, with respect to any project covered by any
24 Federal aid contract executed, or prior approval granted, by

1 him under said title I before the effective date of this Act,
2 upon request of the local public agency, shall continue to
3 extend financial assistance for the completion of such project
4 in accordance with the provisions of said title I in force
5 immediately prior to the effective date of this Act.

6 SEC. 313. The provisos with respect to the appropria-
7 tion for capital grants for slum clearance and urban rede-
8 velopment contained in title I of the First Independent
9 Offices Appropriation Act, 1954 (Public Law 176, Eighty-
10 third Congress) are hereby repealed.

11 SEC. 314. The Housing and Home Finance Adminis-
12 trator is authorized to make grants, subject to such terms and
13 conditions as he shall prescribe, to public bodies, including
14 cities and other political subdivisions, to assist them in de-
15 veloping, testing, and reporting methods and techniques, and
16 carrying out demonstrations and other activities for the pre-
17 vention and the elimination of slums and urban blight. No
18 such grant shall exceed two-thirds of the cost, as determined
19 or estimated by said Administrator, of such activities or
20 undertakings. In administering this section, said Adminis-
21 trator shall give preference to those undertakings which in
22 his judgment can reasonably be expected to (1) contribute
23 most significantly to the improvement of methods and tech-
24 niques for the elimination and prevention of slums and blight,
25 and (2) best serve to guide renewal programs in other com-

1 munities. Said Administrator may make advance or prog-
 2 ress payments on account of any grant contracted to be
 3 made pursuant to this section, notwithstanding the provisions
 4 of section 3648 of the Revised Statutes, as amended. The
 5 aggregate amount of grants made under this section shall not
 6 exceed \$5,000,000 and shall be payable from the capital
 7 grant funds provided under and authorized by section 103
 8 ~~(b)~~ of the Housing Act of 1949, as amended.

9 SEC. 315. Section 19 of the District of Columbia Rede-
 10 velopment Act of 1945, as amended, is hereby amended by
 11 striking “\$2,000” in subsection ~~(a)~~ and subsection ~~(b)~~
 12 and inserting in each instance “\$3,000 unless insured as pro-
 13 vided in title I of the National Housing Act, as amended”.

14 SEC. 316. Section 20 of the District of Columbia Rede-
 15 velopment Act of 1945, as amended, is hereby amended—

16 ~~(1)~~ by striking “1949” wherever it appears in said
 17 section and inserting “1949, as amended”: *Provided,*
 18 That this clause ~~(1)~~ shall not limit or restrict any au-
 19 thority under said section 20; and

20 ~~(2)~~ by adding the following new subsections at the
 21 end of said section:

22 “~~(i)~~ In addition to its authority under any other provi-
 23 sion of this Act, the Agency is hereby authorized to plan and
 24 undertake urban renewal projects (as such projects are de-
 25 fined in title I of the Housing Act of 1949, as amended), and

1 in connection therewith the Agency, the District Commis-
2 sioners, and the other appropriate agencies operating within
3 the District of Columbia shall have all of the rights and
4 powers which they have with respect to a project or projects
5 financed in accordance with the preceding subsections of this
6 section: *Provided*, That for the purpose of this subsection the
7 word 'redevelopment' wherever found in this Act (except in
8 section 3 (n)) shall mean 'urban renewal', and the refer-
9 ences in section 6 to the acquisition, disposition, or assembly
10 of real property for a project shall mean the undertaking of
11 an urban renewal project.

12 “(j) The District Commissioners are hereby authorized
13 to direct the Agency to prepare a workable program (such
14 workable program to be approved by the said Commis-
15 sioners) as prescribed by section 101 (c) of the Housing Act
16 of 1949, as amended, and are also authorized to direct the
17 Agency to request the necessary funds for the preparation
18 by the Agency of said workable program. The District Com-
19 missioners are hereby authorized, with or without reimburse-
20 ment, to assist the Agency in carrying out urban renewal
21 projects and to utilize for that purpose the facilities and per-
22 sonnel of the District of Columbia under agreement with the
23 Agency.”

1 TITLE IV—LOW-RENT PUBLIC HOUSING

2 SEC. 401. The United States Housing Act of 1937, as
3 amended, is hereby amended—

4 (1) by striking the words following the first colon
5 up to and including the words “such families” in sub-
6 section 10 (g) and inserting the following: “First, to
7 families which are to be displaced by any low-rent hous-
8 ing project or by any public slum-clearance, redevelop-
9 ment or urban renewal project, or through action of a
10 public body or court, either through the enforcement
11 of housing standards or through the demolition, closing,
12 or improvement of dwelling units, or which were so dis-
13 placed within three years prior to making application to
14 such public housing agency for admission to any low-
15 rent housing: *Provided*, That as among such projects
16 or actions the public housing agency may from time to
17 time extend a prior preference or preferences: *And pro-*
18 *vided further*, That, as among families within any such
19 preference group”;

20 (2) by striking the words “or was to be displaced
21 by another low-rent housing project or by a public slum-
22 clearance or redevelopment project” in clause (ii) of
23 subsection 15 (8) (b) and inserting the following: “or

1 was to be displaced by any low-rent housing project or
2 by any public slum-clearance, redevelopment or urban
3 renewal project, or through action of a public body or
4 court, either through the enforcement of housing stand-
5 ards or through the demolition, closing, or improvement
6 of a dwelling unit or units"; and

7 ~~(3)~~ by striking the words "not later than five years
8 after March 1, 1949" in subsection 15 ~~(8)~~ ~~(b)~~ and
9 inserting "not later than March 1, 1959".

10 SEC. 402. Subsection 10 ~~(h)~~ of said Act, as amended,
11 is hereby amended to read as follows:

12 "~~(h)~~ Every contract made pursuant to this Act for
13 annual contributions for any low-rent housing project ini-
14 tiated after March 1, 1949, shall provide that no annual
15 contributions by the Authority shall be made available for
16 such project unless such project is exempt from all real and
17 personal property taxes levied or imposed by the State, city,
18 county, or other political subdivisions, but such contract shall
19 require the public housing agency to make payments in lieu
20 of taxes equal to 10 per centum of the annual shelter rents
21 charged in such project or such lesser amount as ~~(i)~~ is
22 prescribed by State law, or ~~(ii)~~ is agreed to by the local
23 governing body in its agreement for local cooperation with
24 the public housing agency required under subsection 15 ~~(7)~~
25 ~~(b)~~ ~~(i)~~ of this Act, or ~~(iii)~~ is due to failure of a local public

1 body or bodies other than the public housing agency to per-
2 form any obligation under such agreement: *Provided, That,*
3 if at the time such agreement for local cooperation is entered
4 into it appears that such 10 per centum payments in lieu of
5 taxes will not result in a contribution to the project through
6 tax exemption by the State, city, county, or other political
7 subdivisions in which the project is situated of at least 20
8 per centum of the annual contributions to be paid by the
9 Authority, the amounts of such payments in lieu of taxes shall
10 be limited by the agreement to amounts, if any, which would
11 not reduce the local contribution below such 20 per centum:
12 *Provided further, That,* with respect to any such project
13 which is not exempt from all real and personal property taxes
14 levied or imposed by the State, city, county, or other political
15 subdivisions, such contract shall provide, in lieu of the re-
16 quirement for tax exemption and payments in lieu of taxes,
17 that no annual contributions by the Authority shall be made
18 available for such project unless and until the State, city,
19 county, or other political subdivisions in which such project is
20 situated shall contribute, in the form of cash or tax remission
21 an amount equal to the greater of (i) the amount by which
22 the taxes paid with respect to the project exceeds 10 per
23 centum of the annual shelter rents charged in such project
24 or (ii) 20 per centum of the annual contributions paid by
25 the Authority (but not in excess of the taxes levied): *And*

1 *provided further, That, prior to execution of the contract for*
 2 *annual contributions the public housing agency shall, in the*
 3 *case of a tax-exempt project, notify the governing body of*
 4 *the locality of its estimate of the annual amount of such pay-*
 5 *ments in lieu of taxes and of the amount of taxes which would*
 6 *be levied if the property were privately owned, or, in the*
 7 *case where the project is taxed, its estimate of the annual*
 8 *amount of the local cash contribution, and shall thereafter*
 9 *include the actual amounts in its annual reports. Contracts*
 10 *for annual contributions entered into prior to the effective*
 11 *date of the Housing Act of 1954 may be amended in accord-*
 12 *ance with the first sentence of this subsection."*

13 SEC. 403. Section 10 of said Act, as amended, is hereby
 14 amended by adding the following new subsection:

15 "~~(i)~~ Every contract made pursuant to this Act for
 16 annual contributions for any low-rent housing project for
 17 which no such contract has been entered into prior to the
 18 enactment of the Housing Act of 1954 shall provide that—

19 "~~(1)~~ after payment in full of all obligations of the
 20 public housing agency in connection with the project for
 21 which any annual contributions are pledged, and until
 22 the total amount of annual contributions paid by the
 23 Authority in respect to such project has been repaid pur-
 24 suant to the provisions of this subsection, ~~(a)~~ all receipts
 25 in connection with the project in excess of expenditures

1 necessary for management, operation, maintenance, or
2 financing, and for reasonable reserves therefor, shall be
3 paid annually to the Authority and to local public bodies
4 which have contributed to the project in the form of tax
5 exemption or otherwise, in proportion to the aggregate
6 contribution which the Authority and such local public
7 bodies have made to the project, and ~~(b)~~ no debt in
8 respect to the project, except for necessary expenditures
9 for the project, shall be incurred by the public housing
10 agency;

11 “~~(2)~~ if, at any time, the project or any part thereof
12 is sold, such sale shall be to the highest responsible bid-
13 der after advertising, or at fair market value, and the
14 proceeds of such sale together with any reserves, after
15 application to any outstanding debt of the public housing
16 agency in respect to such project, shall be paid to the
17 Authority and local public bodies as provided in clause
18 ~~1~~ ~~(a)~~ of this subsection: *Provided*, That the amounts to
19 be paid to the Authority and the local public bodies shall
20 not exceed their respective total contribution to the
21 project.”

22 SEC. 404. Paragraph ~~(6)~~ of section 16 of said Act, as
23 amended, is hereby repealed.

24 SEC. 405. ~~(a)~~ No Federal department or agency shall
25 hereafter make, or contract to make, any loan, grant, annual

1 contribution, advance, or other financial assistance available
2 for or with respect to any housing unit or units, or guarantee
3 or insure, or contract to guarantee or insure, any loan made
4 for any housing unit or units unless the owner or owners
5 thereof agrees ~~(or, in the case of any loan which is guaran-~~
6 ~~teed or insured, the lender agrees to require such owner or~~
7 ~~owners to agree)~~ that ~~(1)~~ prior to the admission of any
8 person to occupy any such housing unit or prior to the sale
9 of any such housing unit for occupancy by the purchaser
10 such owner or owners will obtain from the the prospective oc-
11 cupant or purchaser a certificate ~~(to which the provisions of~~
12 ~~section 1001 of title 18, United States Code, are hereby ex-~~
13 ~~pressly made applicable)~~ that he is not a member of any
14 organization which, for purposes of this Act, the Attorney
15 General designates as subversive and, if the owner or owners
16 occupies a housing unit or units, he will execute such certifi-
17 cate, and ~~(2)~~ such owner or owners will require any pur-
18 chaser of any such housing unit or units to agree to comply
19 with the requirements of clause ~~(1)~~ in the same manner
20 as though the purchaser were the owner first subject thereto:
21 *Provided,* That this Act shall not affect the validity of, or
22 the powers and obligations of any Federal department or
23 agency of the United States under, any contract with respect
24 to the making of loans, grants, annual contributions, ad-

1 vances, or other financial assistance, or the guaranty or
2 insurance of loans.

3 (b) Each Federal department or agency is hereby
4 authorized, with respect to any housing assisted by it, to
5 issue such regulations and procedures as it shall deem advis-
6 able for the purpose of carrying out the provisions of this
7 section, including requirements with respect to the holding
8 or filing of agreements and certificates made or executed
9 pursuant to the preceding sentence; and, with respect to any
10 housing owned by the United States, the Federal depart-
11 ment or agency having jurisdiction thereof shall issue regu-
12 lations or procedures requiring an occupant or purchaser of
13 such housing to execute an agreement or certificate similar
14 to the agreements or certificates which occupants or pur-
15 chasers would execute under subsection 801 (a) of this Act.

16 As used in this section, the term "Federal department
17 or agency" shall mean any department, agency, corporation,
18 or officer in the executive branch of the United States Gov-
19 ernment, including the Federal Home Loan Banks.

20 SEC. 406. Section 10 of said Act, as amended, is hereby
21 amended by adding the following new subsection:

22 "(j) In any community where the people of that com-
23 munity, by their duly elected representatives or by refer-
24 endum, have indicated that they desire to liquidate a low-

1 rent public housing project by the sale thereof to private
 2 ownership, such community shall negotiate with the Federal
 3 Government with respect to the sale of such low-rent public
 4 housing project and the Authority shall permit the sale of
 5 such project (after public advertisement) to the highest
 6 bidder upon agreement by such community (1) to pay and
 7 retire all outstanding obligations (together with any interest
 8 accrued thereon at the date of redemption and any pre-
 9 miums prescribed for the redemption of such obligations prior
 10 to maturity) issued by the local housing authority to finance
 11 the development of such project and (2) to pay, or to cause
 12 to be paid, any proceeds received from the sale of such proj-
 13 ect in excess of the amount required to comply with the
 14 requirements of the preceding clause numbered (1) to the
 15 Secretary of the Treasury and to the local government in
 16 proportion to the aggregate contribution which the Authority
 17 and such local government has made to the project, and the
 18 moneys so paid to the Secretary of the Treasury shall be
 19 covered into miscellaneous receipts."

20 TITLE V—HOME LOAN BANK BOARD

21 SEC. 501. The National Housing Act, as amended, is
 22 hereby amended—

23 (1) by amending section 402 (c) (4) to read as
 24 follows:

1 “(4) To sue and be sued, complain and defend,
2 in any court of competent jurisdiction in the United
3 States or its territories or possessions, and may be served
4 by serving a copy of process on any of its agents or any
5 agent of the Home Loan Bank Board and mailing a
6 copy of such process by registered mail to the Corpora-
7 tion at Washington, District of Columbia.”;

8 (2) by adding the following new subsection to
9 section 405:

10 “(c) No action against the Corporation to enforce
11 a claim for payment of insurance upon an insured ac-
12 count of an insured institution in default shall be brought
13 after the expiration of three years from the date of de-
14 fault unless, within such three-year period, the con-
15 servator, receiver, or other legal custodian of the insured
16 institution shall have recognized such insured account as
17 a valid claim against the insured institution and the
18 claim for payment of insurance shall have been presented
19 to the Corporation and its validity denied, in which event
20 the action may be brought within two years from the
21 date of such denial.”; and

22 (3) by striking out of title IV of the National
23 Housing Act, as amended, the words “Federal Savings
24 and Loan Insurance Corporation” at each place the

1 same appears therein and inserting in lieu thereof the
2 words "Federal Savings Insurance Corporation".

3 SEC. 502. The Federal Home Loan Bank Act, as
4 amended, is hereby amended by striking "\$20,000" in sec-
5 tion 10 (b) (2) and inserting "\$35,000".

6 SEC. 503. The Home Owners' Loan Act of 1933, as
7 amended, is hereby amended—

8 (1) by striking "\$20,000" wherever it appears in
9 the first paragraph of subsection (c) of section 5 and
10 inserting "\$35,000";

11 (2) by amending subsection (d) of section 5 to
12 read as follows:

13 "(d) (1) The Board shall have power to enforce
14 this section and rules and regulations made hereunder.
15 In the enforcement of any provision of this section or
16 rules and regulations made hereunder, or any other law
17 or regulation, and in the administration of conservator-
18 ships and receiverships as provided in subsection (d)
19 (2) hereof, the Board is authorized to act in its own
20 name and through its own attorneys. The Board shall
21 have power to sue and be sued, complain and defend in
22 any court of competent jurisdiction in the United States
23 or its territories or possessions. It shall by formal reso-
24 lution state any alleged violation of law or regulation
25 and give written notice to the association concerned

1 of the facts alleged to be such violation, except that the
2 appointment of a Supervisory Representative in Charge,
3 a conservator or a receiver shall be exclusively as pro-
4 vided in subsection (d) (2) hereof. Such association
5 shall have thirty days within which to correct the alleged
6 violation of law or regulation and to perform any legal
7 duty. If the association concerned does not comply with
8 the law or regulation within such period, then the Board
9 shall give such association twenty days written notice
10 of the charges against it and of a time and place at which
11 the Board will conduct a hearing as to such alleged vio-
12 lation of duty. Such hearing shall be in the Federal
13 judicial district of the association unless it consents to
14 another place and shall be conducted by a hearing exam-
15 iner as is provided by the Administrative Procedure Act.
16 The Board or any member thereof or its designated
17 representative shall have power to administer oaths and
18 affirmations and shall have power to issue subpoenas and
19 subpoenas duces tecum, and shall issue such at the re-
20 quest of any interested party, and the Board or any in-
21 terested party may apply to the United States district
22 court of the district where such hearing is designated
23 for the enforcement of such subpoena or subpoena duces
24 tecum and such courts shall have power to order and
25 require compliance therewith. A record shall be made

1 of such hearing and any interested party shall be entitled
2 to a copy of such record to be furnished by the Board at
3 its reasonable cost. After such hearing and adjudica-
4 tion by the Board, appeals shall lie as is provided by the
5 Administrative Procedure Act, and the review by the
6 court shall be upon the weight of the evidence. Upon
7 the giving of notice of alleged violation of law or regu-
8 lation as herein provided, either the Board or the asso-
9 ciation affected may, within thirty days after the service
10 of said notice, apply to the United States district court
11 for the district where the association is located for a
12 declaratory judgment and an injunction or other relief
13 with respect to such controversy, and said court shall
14 have jurisdiction to adjudicate the same as in other
15 cases and to enforce its orders. The Board may apply
16 to the United States district court of the district where
17 the association affected has its home office for the en-
18 forcement of any order of the Board and such court
19 shall have power to enforce any such order which has
20 become final. The Board shall be subject to suit by any
21 Federal savings and loan association with respect to any
22 matter under this section or regulations made there-
23 under, or any other law or regulation, in the United
24 States district court for the district where the home office
25 of such association is located, and may be served by serv-

ing a copy of process on any of its agents and mailing
a copy of such process by registered mail, to the Home
Loan Bank Board, Washington, District of Columbia.

“(2) The grounds for the appointment of a conservator or receiver for a Federal savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint ex parte and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner re-

1 moved by the Board, such Supervisory Representative in
2 Charge shall hold office until a conservator or receiver,
3 appointed by the Board after notice as herein provided,
4 takes charge of the association and its affairs, or for six
5 months, or until thirty days after the termination of the
6 administrative hearing and final proceedings herein pro-
7 vided, or until sixty days after the final termination of
8 any litigation affecting such temporary appointment,
9 whichever is longest. The Board shall have the power
10 to appoint a conservator or receiver but no such ap-
11 pointment of a conservator or receiver shall be made
12 except pursuant to a formal resolution of the Board
13 stating the grounds therefor and except notice thereof
14 is given to said association stating the grounds therefor
15 and until an opportunity for an administrative hearing
16 thereon is afforded to said association. Such hearing
17 shall be held in accordance with the provisions of the
18 Administrative Procedure Act and shall be subject to
19 review as therein provided and the review by the court
20 shall be upon the weight of the evidence. A conservator
21 shall have all the powers of the members, the directors,
22 and officers of the Federal association and shall be author-
23 ized to operate it in its own name or conserve its assets
24 in the manner and to the extent authorized by the Board.
25 The Board shall appoint only the Federal Savings

1 Insurance Corporation as receiver for any Federal
2 savings and loan association, which shall have power
3 as receiver to buy at its own sale subject to approval by
4 the Board. With the consent of the association expressed
5 by a resolution of the board of directors or of its mem-
6 bers, the Board is authorized to appoint a conservator or
7 receiver for a Federal association without notice and
8 without hearing. The Board shall have power to make
9 rules and regulations for the reorganization, merger, and
10 liquidation of Federal associations and for such associa-
11 tions in conservatorship and receivership and for the
12 conduct of conservatorships and receiverships. When-
13 ever a Supervisory Representative in Charge, conserv-
14 ator, or receiver appointed by the Board pursuant to the
15 provisions of this section, demands possession of the
16 property, business and assets of any association, the
17 refusal of any officer, agent, employee, or director of
18 such association to comply with the demand shall be
19 punishable by a fine of not more than \$1,000 or by
20 imprisonment for not more than one year or both by
21 such fine and imprisonment.”; and

22 ~~(3)~~ by striking out the second paragraph of subsec-
23 tion ~~(c)~~ of section 5 and inserting in lieu thereof the
24 following new paragraph:

25 “Without regard to any other provision of this sub-

1 section except the area requirement such associations are
2 authorized to invest a sum not in excess of 15 per centum
3 of the assets of such association in loans insured under
4 title I of the National Housing Act, as amended, in
5 unsecured loans insured or guaranteed under the provi-
6 sions of the Servicemen's Readjustment Act of 1944, as
7 amended, and in other loans for property alteration,
8 repair, or improvement: *Provided*, That no such loan
9 shall be made in excess of \$3,000."

10 SEC. 504. All laws, regulations, and other actions relat-
11 ing to the Federal Savings and Loan Insurance Corporation
12 shall, on and after the effective date of the Housing Act of
13 1954, be deemed to relate to the Federal Savings Insurance
14 Corporation.

15 TITLE VI—VOLUNTARY HOME CREDIT
16 PROGRAM

17 DECLARATION OF POLICY

18 SEC. 601. The Congress hereby declares that the pur-
19 poses of this title are to encourage and facilitate the flow of
20 mortgage credit into remote areas and small communities,
21 through the voluntary cooperation and effort of private lend-
22 ing institutions, and to assist in the development of a pro-
23 gram whereby private financing institutions engaged in

1 mortgage lending can make a maximum contribution to the
2 economic stability and growth of the Nation through exten-
3 sion of the market for insured or guaranteed mortgage loans.

4 DEFINITIONS

5 SEC. 602. As used in this title, the following terms shall
6 have the meanings respectively ascribed to them below, and,
7 unless the context clearly indicates otherwise, shall include
8 the plural as well as the singular number:

9 (a) "Insured or guaranteed mortgage loan" means any
10 loan made for the construction or purchase of a family
11 dwelling or dwellings and which is (1) guaranteed or in-
12 sured under the Servicemen's Readjustment Act of 1944, as
13 amended, or (2) secured by a mortgage insured under the
14 National Housing Act, as amended.

15 (b) "Private financing institutions" means life insurance
16 companies, savings banks, commercial banks, cooperative
17 banks, homestead associations, building and loan associations,
18 and savings and loan associations.

19 (c) "Administrator" means the Housing and Home
20 Finance Administrator.

21 (d) "State" means the several States, the District of
22 Columbia, the Commonwealth of Puerto Rico, and the terri-
23 tories and possessions of the United States.

NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION
COMMITTEE

SEC. 603. There is hereby established a National Voluntary Mortgage Credit Extension Committee, hereinafter called the "National Committee", which shall consist of the Housing and Home Financing Administrator, who shall act as Chairman of the National Committee, and fourteen other persons appointed by the Administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

~~(c) Two representatives of real estate boards.~~

The Administrator shall also request the Board of Governors of the Federal Reserve System and the Administrator of Veterans' Affairs to designate a representative of the Board and the Veterans' Administration, respectively, to serve on the National Committee in an advisory capacity.

In selecting and appointing the members of the National Committee, the Administrator shall have due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Members of the National Committee appointed by the Administrator shall serve on a voluntary basis.

REGIONAL SUBCOMMITTEE

SEC. 604. (a) As soon as practicable, the National Committee shall divide the United States into regions conforming generally to the Federal Reserve districts. The Administrator, after consultation with the other members of the National Committee, shall, for each such region, designate five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans as hereinafter set forth. In designating the members of each such regional subcommittee, the Administrator shall have due regard to fair representation thereon for small, medium, and large financing institutions and builders of residential properties and for different geographical areas within such regions. Members of each regional subcommittee shall serve on a voluntary basis.

(b) The Administrator is authorized and directed, upon the request of a regional subcommittee, to provide such subcommittee with a suitable office and meeting place and to furnish to the subcommittee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions hereinafter set forth.

1 FUNCTION OF NATIONAL COMMITTEE AND OF REGIONAL
2 SUBCOMMITTEES

3 SEC. 605. It shall be the function of the National Com-
4 mittee and the regional subcommittees to facilitate the flow
5 of funds for residential mortgage loans into areas or com-
6 munities where there may be a shortage of local capital for,
7 or inadequate facilities for access to, such loans, and to
8 achieve the maximum utilization of the facilities of private
9 financing institutions for this purpose by soliciting and ob-
10 taining the cooperation of all such private financing institu-
11 tions in extending credit for insured or guaranteed mortgage
12 loans.

13 SEC. 606. The National Committee shall study and re-
14 view the demand and supply of funds for residential mortgage
15 loans in all parts of the country, and shall receive reports from
16 and correlate the activities of the regional subcommittees. It
17 shall also periodically inform the Commissioner of the Federal
18 Housing Administration and the Administrator of Veterans'
19 Affairs concerning the results of the studies and of the prog-
20 ress of the National Committee and regional subcommittees
21 in performing their function, and shall to the extent practica-
22 ble maintain liaison with State and local Government housing
23 officials in order that they may be fully apprized of the func-
24 tion and work of the National Committee and regional sub-
25 committees. The Administrator shall, not later than April 1

1 in each year, make a full report of the operations of the
2 National Committee and the regional subcommittees to the
3 Congress.

4 SEC. 607. (a) Each regional subcommittee shall study
5 and review the demand and supply of funds for residential
6 mortgage loans in its region, shall analyze cases of unsatisfied
7 demand for mortgage credit, and shall report to the National
8 Committee the results of its study and analysis. It shall also
9 maintain liaison with officers of the Federal Housing Admin-
10 istration and of the Veterans' Administration within its region
11 in order that such officers may be fully apprized of the func-
12 tion and work of the National Committee and regional sub-
13 committees. It shall request such officers to supply to the
14 subcommittee information regarding cases of unsatisfied de-
15 mand for mortgage credit for loans eligible for insurance
16 under the National Housing Act, as amended, or for insur-
17 ance or guaranty under the Servicemen's Readjustment Act
18 of 1944, as amended. Such officers are authorized to furnish
19 such information to such subcommittee.

20 (b) A regional subcommittee shall render assistance to
21 any applicant for a loan, the proceeds of which are to be
22 used for the construction or purchase of a family dwelling
23 or dwellings, upon receipt of a certificate from such appli-
24 cant, stating that—

25 (1) application for such loan has been made to at

1 least two private financing institutions, or in the alterna-
2 tive to such private financing institution or institutions
3 as may be reasonably accessible to the applicant;

4 ~~(2)~~ the applicant has been informed by the above-
5 mentioned private financing institution or institutions
6 that funds for mortgage credit on the loan are unavail-
7 able; and

8 ~~(3)~~ the applicant is eligible for insurance or guar-
9 anty under the Servicemen's Readjustment Act of 1944,
10 as amended, or consents that the mortgage to be issued
11 as security for the loan be insured under the National
12 Housing Act, as amended.

13 Upon receipt of such certification from an applicant the re-
14 gional subcommittee shall circularize private financing institu-
15 tions in the region or elsewhere and shall use its best efforts
16 to enable the applicant to place the loan with a private
17 financing institution. It shall render similar assistance to
18 any applicant for a loan, the proceeds of which are to be used
19 for the construction or purchase of a family dwelling or
20 dwellings, upon receipt of information from the Veterans'
21 Administration to the effect that the applicant has applied
22 for a direct loan, if he is eligible for such a loan, and that he
23 is eligible for insurance or guaranty, under the Servicemen's
24 Readjustment Act of 1944, as amended. In order to en-
25 courage small or local private financing institutions to origi-

1 nate insured or guaranteed mortgage loans, it may also ren-
2 der similar assistance to private financing institutions in
3 locating other private financing institutions willing to repur-
4 chase such mortgage loans on a mutually satisfactory basis.

5 (c) In the performance of its responsibilities under sub-
6 section (b) of this section, a regional subcommittee may at
7 its discretion (1) request the National Committee to obtain
8 for it the aid of other regional subcommittees in seeking
9 sources of mortgage credit, and (2) request and obtain vol-
10 untary assurances from any one or more private financing
11 institutions that they will make funds available for insured
12 or guaranteed mortgage loans in any specified area or areas
13 within its region in which the subcommittee finds that there
14 is a lack of adequate credit facilities for such loans.

15 REGULATIONS OF ADMINISTRATOR

16 SEC. 608. The Administrator, after consultation with the
17 National Committee, shall have power to issue general rules
18 and procedures for the effective implementation of this title
19 and for the functioning of the regional subcommittees, pur-
20 suant to the provisions hereof and not in conflict herewith.

21 GENERAL PROVISIONS

22 SEC. 609. No act pursuant to the provisions of this title
23 and which occurs while this title is in effect shall be con-
24 strued to be within the prohibitions of the antitrust laws or
25 the Federal Trade Commission Act of the United States.

1 SEC. 610. Service as a member of the National Com-
 2 mittee or of a regional subcommittee shall not constitute
 3 any form of service, employment, or action within the pro-
 4 visions of sections 281, 283, 284, 434, or 1914 of title 18
 5 of the United States Code, or within the provisions of sec-
 6 tion 190 of the Revised Statutes (5 U. S. C., sec. 99).

7 SEC. 611. If any provision of this title, or the applica-
 8 tion thereof to any person or circumstances, is held invalid,
 9 the remainder of this title and the application of such provi-
 10 sion to other persons or circumstances, shall not be affected
 11 thereby.

12 SEC. 612. (a) This title and all authority conferred
 13 hereunder shall terminate at the close of June 30, 1957.

14 (b) Notwithstanding subsection (a), Congress, by con-
 15 current resolution, may terminate this title prior to the ter-
 16 mination date hereinabove provided for.

17 TITLE VII—URBAN PLANNING AND RESERVE 18 OF PLANNED PUBLIC WORKS

19 URBAN PLANNING

20 SEC. 701. To facilitate urban planning for smaller com-
 21 munities lacking adequate planning resources, the Admin-
 22 istrator is authorized to make planning grants to State plan-
 23 ning agencies for the provision of planning assistance (in-
 24 cluding surveys, land use studies, urban renewal plans, tech-
 25 nical services and other planning work, but excluding plans

1 for specific public works) to cities and other municipalities
 2 having a population of less than twenty-five thousand accord-
 3 ing to the latest decennial census. The Administrator is fur-
 4 ther authorized to make planning grants for similar planning
 5 work in metropolitan and regional areas to official State,
 6 metropolitan, or regional planning agencies empowered under
 7 State or local laws to perform such planning. Any grant
 8 made under this section shall not exceed 50 per centum of
 9 the estimated cost of the work for which the grant is made
 10 and shall be subject to terms and conditions prescribed by
 11 the Administrator to carry out this section. The Administra-
 12 tor is authorized, notwithstanding the provisions of section
 13 3648 of the Revised Statutes, as amended, to make advance
 14 or progress payments on account of any planning grant
 15 made under this section. There is hereby authorized to be
 16 appropriated not exceeding \$5,000,000 to carry out the
 17 purposes of this section, and any amounts so appropriated
 18 shall remain available until expended.

19 RESERVE OF PLANNED PUBLIC WORKS

20 SEC. 702. (a) In order (1) to encourage municipali-
 21 ties and other public agencies to maintain a continuing and
 22 adequate reserve of planned public works the construction of
 23 which can rapidly be commenced whenever the economic
 24 situation may make such action desirable, and (2) to attain

1 maximum economy and efficiency in planning and con-
2 struction of local, State, and Federal public works, the Ad-
3 ministrator is hereby authorized, during the period of three
4 years commencing on July 1, 1954, to make advances to
5 public agencies from funds available under this section (not-
6 withstanding the provisions of section 3648 of the Revised
7 Statutes, as amended) to aid in financing the cost of engi-
8 neering and architectural surveys, designs, plans, working
9 drawings, specifications, or other action preliminary to and
10 in preparation for the construction of public work: *Pro-*
11 *vided,* That the making of advances hereunder shall not in
12 any way commit the Congress to appropriate funds to assist
13 in financing the construction of any public works so planned.

14 (b) No advance shall be made hereunder with respect
15 to any individual project unless it conforms to an overall
16 State, local, or regional plan approved by a competent State,
17 local, or regional authority, and unless the public agency
18 formally contracts with the Federal Government to complete
19 the plan preparation promptly and to repay such advance
20 when due.

21 (c) Advances under this section to any public agency
22 shall be repaid without interest by such agency when the
23 construction of the public works is undertaken or started;

1 *Provided*, That in the event repayment is not made promptly
2 such unpaid sum shall bear interest at the rate of 4 per
3 centum per annum from the date of the Government's de-
4 mand for repayment to the date of payment thereof by the
5 public agency. All sums so repaid shall be covered into
6 the Treasury as miscellaneous receipts.

7 (d) The Administrator is authorized to prescribe rules
8 and regulations to carry out the purposes of this section.

9 (e) There is hereby authorized to be appropriated not
10 exceeding \$10,000,000 to carry out the purposes of this sec-
11 tion, and any amounts so appropriated shall remain available
12 until expended. Not more than 5 per centum of the funds
13 so appropriated shall be expended in any one State.

14 DEFINITIONS

15 SEC. 703. As used in this title, (1) the term "State"
16 shall mean any State, the District of Columbia, the Com-
17 monwealth of Puerto Rico, and any territory, or possession
18 of the United States; (2) the term "Administrator" shall
19 mean the Housing and Home Finance Administrator; (3)
20 the term "public works" shall include any public works other
21 than housing; and (4) the term "public agency" or "public
22 agencies" shall mean any State, as herein defined, or any
23 public agency or political subdivision therein.

1 TITLE VIII—MISCELLANEOUS PROVISIONS

2 SEC. 801. (a) The Federal Housing Commissioner and
3 the Administrator of Veterans' Affairs, respectively, are
4 hereby authorized and directed to require that, in connec-
5 tion with any property upon which there is located a dwelling
6 designed principally for a single-family residence or a two-
7 family residence and which is approved for mortgage insur-
8 ance or guaranty prior to the beginning of construction, no
9 mortgage shall be insured or guaranteed under the National
10 Housing Act, as amended, or title III of the Servicemen's
11 Readjustment Act of 1944, as amended, unless the seller or
12 builder, and such other person as may be required by the
13 said Commissioner or Administrator to become warrantor,
14 shall deliver to the purchaser or owner of such property a
15 warranty that the dwelling is constructed in substantial con-
16 formity with the plans and specifications (including any
17 amendments thereof, or changes and variations therein, which
18 have been approved in writing by the Federal Housing
19 Commissioner or the Administrator of Veterans' Affairs) on
20 which the Federal Housing Commissioner or the Adminis-
21 trator of Veterans' Affairs based his valuation of the dwelling:
22 *Provided*, That the Federal Housing Commissioner or the
23 Administrator of Veterans' Affairs shall deliver to the builder,
24 seller, or other warrantor his written approval (which shall
25 be conclusive evidence of such approval) of any amendment

1 of, or change or variation in, such plans and specifications
2 which the Commissioner or the Administrator deems to be a
3 substantial amendment thereof, or change or variation
4 therein, and shall file a copy of such written approval with
5 such plans and specifications: *Provided further*, That such
6 warranty shall apply only with respect to such instances of
7 substantial nonconformity to such approved plans and speci-
8 fications (including any amendments thereof, or changes or
9 variations therein, which have been approved in writing,
10 as provided herein, by the Federal Housing Commissioner
11 or the Administrator of Veterans' Affairs) as to which the
12 purchaser or homeowner has given written notice to the
13 warrantor within one year from the date of conveyance of
14 title to, or initial occupancy of, the dwelling, whichever
15 first occurs: *Provided further*, That such warranty shall be
16 in addition to, and not in derogation of, all other rights and
17 privileges which such purchaser or owner may have under
18 any other law or instrument: *And provided further*, That
19 the provisions of this section shall apply to any such prop-
20 erty covered by a mortgage insured or guaranteed by the
21 Federal Housing Commissioner or the Administrator of Vet-
22 erans' Affairs on and after July 1, 1954, unless such mort-
23 gage is insured or guaranteed pursuant to a commitment
24 therefor made prior to July 1, 1954.

1 ~~(b)~~ The Federal Housing Commissioner and the Ad-
2 ministrator of Veterans' Affairs, respectively, are further
3 directed to permit copies of the plans and specifications ~~(in-~~
4 cluding written approvals of any amendments thereof, or
5 changes or variations therein, as provided herein) for dwell-
6 ings in connection with which warranties are required by
7 subsection ~~(a)~~ of this section to be made available in their
8 appropriate local offices for inspection or for copying by
9 any purchaser, homeowner, or warrantor during such hours
10 or periods of time as the said Commissioner and Adminis-
11 trator may determine to be reasonable.

12 SEC. 802. ~~(a)~~ The Housing and Home Finance Admin-
13 istrator shall, as soon as practicable during each calendar
14 year, make a report to the President for submission to the
15 Congress on all operations under the jurisdiction of the
16 Housing and Home Finance Agency during the previous
17 calendar year.

18 ~~(b)~~ Section 311 of "An Act to expedite the provision
19 of housing in connection with national defense, and for other
20 purposes", approved October 14, 1940, as amended; section
21 6 of "An Act to provide for the advance planning of non-
22 Federal public works", approved October 13, 1949, as

1 amended; and sections 5 and 402 (f) of the National Hous-
2 ing Act, as amended, are hereby repealed.

3 (c) The National Housing Act, as amended, is
4 hereby amended—

5 (1) by striking the heading “ANNUAL REPORT”
6 immediately after section 4 and inserting “TAXATION”;
7 and

8 (2) by striking from subsection (c) of section 406
9 the word “Congress” and inserting “Housing and Home
10 Finance Administrator”.

11 (d) The first sentence of section 7 (b) of the United
12 States Housing Act of 1937, as amended, is hereby amended
13 to read as follows: “The annual report of the Housing and
14 Home Finance Administrator to the President for submission
15 to the Congress on the operations of the Housing and Home
16 Finance Agency shall include a report on the operations and
17 expenses of the Authority, including loans, contributions, and
18 grants made or contracted for, low-rent housing and slum-
19 clearance projects undertaken, and the assets and liabilities
20 of the Authority.”

21 (e) Section 106 (a) of the Housing Act of 1949, as
22 amended, is hereby amended by striking “; and” at the end

1 of paragraph ~~(3)~~ thereof, inserting a period in lieu thereof,
2 and striking paragraph ~~(4)~~.

3 ~~(f)~~ The Federal Home Loan Bank Act, as amended, is
4 hereby amended by striking the second sentence of section 20.

5 SEC. 803. The Housing and Home Finance Agency,
6 including its constituent agencies, and any other departments
7 or agencies of the Federal Government having powers, func-
8 tions, or duties with respect to housing under this or any
9 other law shall exercise such powers, functions, or duties
10 in such manner as, consistent with the requirements thereof,
11 will facilitate progress in the reduction of the vulnerability
12 of congested urban areas to enemy attack.

13 SEC. 804. Title V of the Housing Act of 1949, as
14 amended, is hereby amended as follows:

15 ~~(a)~~ In the first sentence of section 511 immediately fol-
16 lowing the phrase "July 1, 1952," strike the word "and",
17 and insert at the end of the sentence just before the period
18 a comma and the language "and an additional \$100,000,000
19 on and after July 1, 1954".

20 ~~(b)~~ In section 512, ~~(i)~~ strike "and 1953" and insert
21 "1953, and 1954", and ~~(ii)~~ strike "and \$2,000,000" and
22 insert "\$2,000,000, and \$2,000,000".

23 ~~(c)~~ In section 513, strike "and \$10,000,000 on July 1

1 of each of the years 1950, 1951, 1952, and 1953" and insert
2 \$10,000,000, and \$10,000,000 on July 1 of each of the
3 years 1950, 1951, 1952, 1963, and 1954".

4 ACT OF CONTROLLING

5 SEC. 805. Insofar as the provisions of any other law
6 are inconsistent with the provisions of this Act, the provi-
7 sions of this Act shall be controlling.

8 SEPARABILITY

9 SEC. 806. Except as may be otherwise expressly pro-
10 vided in this Act, all powers and authorities conferred by
11 this Act shall be cumulative and additional to and not in
12 derogation of any powers and authorities otherwise exist-
13 ing. Notwithstanding any other evidences of the intention
14 of Congress, it is hereby declared to be the controlling intent
15 of Congress that if any provisions of this Act, or the appli-
16 cation thereof to any person or circumstances, shall be ad-
17 judged by any court of competent jurisdiction to be invalid,
18 such judgment shall not affect, impair, or invalidate the
19 remainder of this Act or its applications to other persons
20 and circumstances.

21 SEC. 807. In the selection of new tenants in all housing
22 units under this Act, preference shall be shown to applicants
23 who are recipients of old-age pensions.

1 *That this Act may be cited as the "Housing Act of 1954".*

2 *TITLE I—FEDERAL HOUSING*

3 *ADMINISTRATION*

4 *AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT*

5 *SEC. 101. Section 2 (a) of the National Housing Act,*
6 *as amended, is hereby amended—*

7 *(1) by striking out the period at the end of the*
8 *second sentence and by inserting a colon and the follow-*
9 *ing: "Provided, That with respect to any loan, advance*
10 *of credit, or purchase made after the effective date of*
11 *the Housing Act of 1954, the amount of any claim for*
12 *loss on any such individual loan, advance of credit, or*
13 *purchase paid by the Commissioner under the provisions*
14 *of this section to a lending institution shall not exceed*
15 *80 per centum of such loss."; and*

16 *(2) by inserting at the end thereof the following:*
17 *"After the effective date of the Housing Act of 1954, (i)*
18 *the Commissioner shall not enter into contracts for insurance*
19 *pursuant to this section except with lending institutions which*
20 *are subject to the inspection and supervision of a govern-*
21 *mental agency required by law to make periodic examinations*
22 *of their books and accounts, and which the Commissioner*
23 *finds to be qualified by experience or facilities to make and*
24 *service such loans, advances or purchases, and with such*
25 *other lending institutions which the Commissioner approves*

1 as eligible for insurance pursuant to this section on the basis
2 of their credit and their experience or facilities to make and
3 service such loans, advances or purchases; (ii) only such
4 items as substantially protect or improve the basic livability
5 or utility of properties shall be eligible for financing under
6 this section, and therefore the Commissioner shall from time
7 to time declare ineligible for financing under this section any
8 item, product, alteration, repair, improvement, or class
9 thereof which he determines would not substantially protect
10 or improve the basic livability or utility of such properties,
11 and he may also declare ineligible for financing under this
12 section any item which he determines is especially subject to
13 selling abuses; (iii) no dealer shall be permitted to partici-
14 pate in the benefits of this section unless he shall have been
15 approved according to the following procedure: Each lending
16 institution shall use due care in selecting dealers from whom
17 it purchases notes or with whom it cooperates in making loans
18 directly to the borrower under this section, and shall maintain
19 a file with reference to each such dealer containing a signed
20 and dated application by the dealer for approval and a
21 signed and dated approval of the dealer by the lending
22 institution, such approval being supported by information
23 in the file that the dealer is (1) reliable, (2) financially
24 responsible, (3) qualified to perform satisfactorily the work
25 to be financed, and (4) equipped to extend proper service

1 to the borrower; absence of such a file in the lending institu-
2 tion available for inspection by the Commissioner shall con-
3 stitute a violation of this provision; (iv) each lending in-
4 stitution, as a condition precedent to insurance under this
5 section, shall certify to the Commissioner at the time it records
6 with the Commissioner for insurance each loan, advance of
7 credit or purchase it has originated (a) that it has available
8 the dealer file required by this section, (b) that the borrower
9 has signed a dated credit application on a form approved
10 by the Commissioner, (c) that the lending institution has
11 mailed or delivered to the borrower written notice of approval
12 of the credit application, (d) that no less than six days have
13 elapsed between the date upon which such notice was mailed
14 or delivered to the borrower and the date of disbursement
15 of the loan by the lending institution, and (e) that prior
16 to such disbursement but on or after the date of completion
17 of the work for which credit was extended, the borrower has
18 signed a completion certificate on a form approved by the
19 Commissioner stating the borrower's satisfaction with the
20 materials furnished and work performed and that no cash
21 payment or rebate has been given or promised to the borrower
22 in connection with this advance of credit and that the proceeds
23 thereof will be entirely applied to payment for the materials
24 and work for which credit was extended, and that the dealer
25 has signed a completion certificate on a form approved by

1 the Commissioner stating that the materials and work for
2 which credit was extended constitute the entire consideration
3 for such extension of credit, that a copy of the contract or
4 sales agreement has been delivered to the borrower and the
5 lending institution, containing the whole agreement with the
6 borrower, that the borrower has not been given or promised
7 a cash payment or rebate nor has it been represented to him
8 that he will receive a cash bonus or commission on future
9 sales as an endorsement for signing such contract, that the
10 materials have been satisfactorily furnished and the work has
11 been satisfactorily completed, that the borrower's completion
12 certificate was signed by the borrower after such delivery or
13 completion, that the signatures on the completion certificates of
14 the borrower and the dealer and on the note are all genuine,
15 that all bills for labor or materials have been or will be paid,
16 and that if any of the representations on the dealer's certifi-
17 cate prove to be incorrect, the dealer agrees to repurchase
18 promptly the note from the lending institution or from the
19 Commissioner, as the case may be; and (v) the Commissioner
20 is hereby authorized and directed, by such regulations or pro-
21 cedures as he shall deem advisable, to avoid the use of any
22 financial assistance under this section (1) with respect to new
23 residential structures that have not been completed and occu-
24 pied for at least six months, or (2) which would, through
25 multiple loans, result in an outstanding aggregate loan

1 balance with respect to the same structure exceeding the dollar
2 amount limitation prescribed in this subsection for the type of
3 loan involved.

4 *“In addition, and notwithstanding any other provisions of*
5 *this section, the Commissioner is authorized and empowered,*
6 *upon such terms and conditions as he may prescribe, to insure*
7 *such financial institutions against losses which they may*
8 *sustain as a result of loans and advances of credit, and pur-*
9 *chases made by them after the effective date of the Housing*
10 *Act of 1954 for the purpose of financing the acquisition of*
11 *trailer coach mobile dwellings if (1) the amount of any such*
12 *loan, advance of credit or purchase does not exceed \$6,000,*
13 *(2) the borrower has paid on account of the purchase price of*
14 *such trailer coach mobile dwelling not less than 20 per centum*
15 *thereof in cash and has certified that he is purchasing such*
16 *trailer coach mobile dwelling for his own use or occupancy,*
17 *(3) the obligation representing the loan, advance of credit,*
18 *or purchase has a maturity not in excess of six years and*
19 *thirty-two days, and (4) such loan or advance of credit or*
20 *obligation so purchased is secured by a first lien on such*
21 *trailer coach mobile dwelling: Provided, That with respect*
22 *to any loan, advance of credit or purchase covered by this*
23 *sentence, the amount of any claim for loss paid by the Com-*
24 *missioner under the provisions of this section to a lending*

1 institution shall not exceed 75 per centum of the amount of
2 such loss.”

3 *SEC. 102. Section 2 (f) of said Act, as amended, is*
4 *hereby amended by adding the following at the end thereof:*
5 *“The account heretofore established in connection with insur-*
6 *ance operations under this section and identified in the*
7 *accounting records of the Federal Housing Administration as*
8 *the Title I Claims Account shal be terminated as of June*
9 *30, 1954, at which time all of the remaining assets of such*
10 *account, together with deposits therein for the account of*
11 *obligors, shall be transferred to and merged with the account*
12 *established pursuant to this subsection. Moneys in the ac-*
13 *count established pursuant to this subsection not needed for*
14 *the current operations of the Federal Housing Administration*
15 *may be invested in bonds or other obligations of, or in bonds*
16 *or other obligations guaranteed as to principal and interest*
17 *by, the United States.”*

18 *SEC. 103. Section 8 of said Act, as amended, is hereby*
19 *amended by striking the period at the end of subsection (a)*
20 *and inserting a colon and the following: “And provided*
21 *further, That no mortgage shall be insured under this section*
22 *after the effective date of the Housing Act of 1954, except*
23 *pursuant to a commitment to insure issued on or before such*
24 *date.”*

1 *AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT*

2 *SEC. 104. Section 203 (b) (2) of said Act, as amended,*
3 *is hereby amended to read as follows:*

4 *“(2) Involve a principal obligation (including such*
5 *initial service charges, appraisal, inspection, and other fees*
6 *as the Commissioner shall approve) in an amount not to*
7 *exceed \$18,000 in the case of property upon which there*
8 *is located a dwelling designed principally (whether or not*
9 *it may be intended to be rented temporarily for school pur-*
10 *poses) for a one- or two-family residence; or \$24,000 in*
11 *the case of a three-family residence; or \$30,000 in the case*
12 *of a four-family residence; and not to exceed an amount*
13 *equal to the sum of (i) 95 per centum of \$8,000 of the*
14 *appraised value (as of the date the mortgage is accepted for*
15 *insurance), and (ii) 75 per centum of such value in excess*
16 *of \$8,000: Provided, That the mortgagor shall have paid on*
17 *account of the property at least 5 per centum (or such larger*
18 *amount as the Commissioner may determine) of the Com-*
19 *missioner’s estimate of the cost of acquisition in cash or its*
20 *equivalent: Provided further, That unless the mortgage is on*
21 *property approved for insurance prior to the beginning of*
22 *construction, the principal obligation of the mortgage shall*
23 *in no event exceed 80 per centum of appraised value.”*

24 *SEC. 105. Section 203 (b) (3) of said Act, as amended,*
25 *is hereby amended to read as follows:*

1 “(3) Have a maturity satisfactory to the Commissioner,
 2 but not to exceed, in any event, thirty years from the date
 3 of the insurance of the mortgage: Provided, That for each
 4 of the first ten years following the completion of the dwelling
 5 located on the property covered by the mortgage such maxi-
 6 mum maturity shall be decreased by one year.”

7 SEC. 106. Section 203 (b) (5) of said Act, as amended,
 8 is hereby amended to read as follows:

9 “(5) Bear interest (exclusive of premium charges for
 10 insurance, and service charges if any) at not to exceed 5
 11 per centum per annum on the amount of the principal obli-
 12 gation outstanding at any time, or not to exceed such per
 13 centum per annum not in excess of 6 per centum as the
 14 Commissioner finds necessary to meet the mortgage market.”

15 SEC. 107. Section 203 (c) of said Act, as amended, is
 16 amended by striking out of the second sentence the word
 17 “Provided” and inserting: “Provided, That debentures pre-
 18 sented in payment of premium charges shall represent obli-
 19 gations of the particular insurance fund to which such pre-
 20 mium charges are to be credited: Provided further”.

21 SEC. 108. Section 203 (d) of said Act, as amended, is
 22 hereby amended by striking the period at the end thereof
 23 and inserting a colon and the following: “And provided fur-
 24 ther. That no mortgage shall be insured pursuant to this sub-

1 *section after the effective date of the Housing Act of 1954,*
2 *except pursuant to a commitment to insure issued on or be-*
3 *fore such date.”*

4 *SEC. 109. Subsections (f) and (g) of section 203 of said*
5 *Act, as amended, are hereby repealed.*

6 *SEC. 110. Section 203 of said Act, as amended, is*
7 *hereby further amended by adding the following new sub-*
8 *sections at the end thereof:*

9 *“(h) Notwithstanding any other provision of this sec-*
10 *tion, the Commissioner is authorized to insure any mortgage*
11 *which involves a principal obligation not in excess of*
12 *\$7,000 and not in excess of 100 per centum of the appraised*
13 *value of a property upon which there is located a dwelling*
14 *designed principally for a single-family residence, where the*
15 *mortgagor is the owner and occupant and establishes (to the*
16 *satisfaction of the Commissioner) that his home which he*
17 *occupied as an owner or as a tenant was destroyed or dam-*
18 *aged to such an extent that reconstruction is required as a*
19 *result of a flood, fire, hurricane, earthquake, storm, or other*
20 *catastrophe which the President, pursuant to section 2 (a)*
21 *of the Act entitled ‘An Act to authorize Federal assistance*
22 *to States and local governments in major disasters and for*
23 *other purposes’ (Public Law 875, Eighty-first Congress,*
24 *approved September 30, 1950), as amended, has determined*
25 *to be a major disaster.*

1 “(i) Notwithstanding any other provision of this section,
2 the Commissioner is authorized to insure any mortgage which
3 involves a principal obligation not in excess of \$6,650 and
4 not in excess of 95 per centum of the appraised value, as
5 of the date the mortgage is accepted for insurance, of a
6 property in an area where the Commissioner finds it is not
7 practicable to obtain conformity with many of the require-
8 ments essential to the insurance of mortgages on housing
9 in built-up urban areas, upon which there is located a dwell-
10 ing designed principally for a single family residence, and
11 which is approved for mortgage insurance prior to the begin-
12 ning of construction: Provided, That (1) the mortgagor
13 shall be the owner and occupant of the property at the time
14 of insurance and shall have paid on account of the property
15 at least 5 per centum of the Commissioner’s estimate of the
16 cost of acquisition in cash or its equivalent, or (2) the
17 mortgagor shall be the owner and occupant of the property
18 at the time of insurance, regardless of his credit standing,
19 with whom a person or corporation having a credit standing
20 satisfactory to the Commissioner, shall have entered into a
21 written contract with the owner and occupant (a) to pay on
22 the latter’s behalf all or part of the downpayment required
23 by this paragraph agreeing to take as security a note from
24 the prospective owner and occupant bearing interest at the
25 rate of not more than 4 per centum per annum, maturing

1 after the last maturity date of principal due on the insured
2 mortgage, with a right in the holder to accelerate maturity to
3 a date following prepayment of the entire mortgage debt,
4 under the terms of which note all rights of such person or
5 corporation are subordinated to the rights of the mortgagee
6 or assignees of the mortgagee, and (b) to guarantee payment
7 of the insured mortgage by the owner and occupant accord-
8 ing to the terms of the mortgage, or (3) shall be the builder
9 constructing the dwelling; in which case the principal obliga-
10 tion shall not exceed 85 per centum of the appraised value
11 of the property or \$5,950: Provided further, That the
12 Commissioner finds that the project with respect to which
13 the mortgage is executed is an acceptable risk, giving con-
14 sideration to the need for providing adequate housing for
15 families of low and moderate income particularly in suburban
16 and outlying areas or small communities.”

17 SEC. 111. Section 204 (a) of said Act, as amended,
18 is hereby amended—

19 (1) by striking out of the third sentence the words
20 “any mortgage insurance premiums paid after either
21 of such dates” and inserting “any mortgage insurance
22 premiums paid after either of such dates, and any tax
23 imposed by the United States upon any deed or other
24 instrument by which said property was acquired by the

1 mortgagee and transferred or conveyed to the Commis-
2 sioner”;

3 (2) by striking out of the second proviso the words
4 “or under section 213 of this Act,” and inserting the fol-
5 lowing: “or under section 213 of this Act, or with re-
6 spect to any mortgage accepted for insurance under
7 section 203 on or after the effective date of the Housing
8 Act of 1954,”; and

9 (3) by striking the period at the end thereof and
10 inserting a colon and the following: “And provided
11 further, That, notwithstanding any requirement con-
12 tained in this Act that debentures may be issued only
13 upon acquisition of title and possession by the mortgagee
14 and its subsequent conveyance and transfer to the Com-
15 missioner, and for the purpose of avoiding unnecessary
16 conveyance expense in connection with payment of
17 insurance benefits under the provisions of this Act, the
18 Commissioner is authorized, subject to such rules and
19 regulations as he may prescribe, to permit the mortgagee
20 to tender to the Commissioner a satisfactory conveyance
21 of title and transfer of possession direct from the mort-
22 gator or other appropriate grantor and to pay the
23 insurance benefits to the mortgagee which it would
24 otherwise be entitled to if such conveyance had been

1 *made to the mortgagee and from the mortgagee to the*
2 *Commissioner.”*

3 *SEC. 112. (a) Section 204 (d) of said Act, as amended,*
4 *is hereby amended by striking out of the second sentence*
5 *thereof the words “three years after the 1st day of July fol-*
6 *lowing the maturity date of the mortgage on the property*
7 *in exchange for which the debentures were issued, except*
8 *that debentures issued with respect to mortgages insured*
9 *under section 213 shall mature twenty years after the date*
10 *of such debentures” and inserting “ten years after the date*
11 *thereof”.*

12 *(b) Section 204 of said Act, as amended, is hereby*
13 *amended by adding at the end thereof the following new*
14 *subsection:*

15 *“(i) Notwithstanding any other provisions of this Act,*
16 *if on the maturity date of any debentures issued under this*
17 *Act (except debentures issued under section 221 (g) (3)*
18 *hereof), the Commissioner determines that the moneys avail-*
19 *able to him for the payment of debentures may not be suffi-*
20 *cient to permit the payment in full of the principal of and*
21 *the interest on debentures maturing in the immediate future,*
22 *the Commissioner shall issue and deliver to the holders thereof*
23 *refunding debentures maturing in not to exceed ten years*
24 *from such date and bearing interest at the same rate as the*
25 *original debentures, and in such event the holders of such*

1 original debentures shall have no recourse to the Treasury on
2 such original debentures. Any refunding debentures issued
3 under the provisions of this subsection shall not be refundable
4 and, in the event that the Commissioner fails to pay upon
5 demand, when due, the principal of or interest on any such
6 refunding debentures, the Secretary of the Treasury shall
7 pay to the holders thereof the amount thereof which is hereby
8 authorized to be appropriated, out of any moneys in the
9 Treasury not otherwise appropriated, and thereupon to the
10 extent of the amount so paid the Secretary of the Treasury
11 shall succeed to all the rights of the holders of such refunding
12 debentures. This subsection shall not apply in any case
13 where the mortgage involved was insured or the commitment
14 for such insurance was issued prior to the effective date of
15 the Housing Act of 1954.”

16 SEC. 113. Section 204 of said act, as amended, is
17 hereby amended by adding at the end thereof the following
18 new subsection:

19 “(j) In the event that any mortgagee under a mort-
20 gage insured under section 203 forecloses on the mortgaged
21 property but does not convey such property to the Com-
22 missioner in accordance with this section, and the Com-
23 missioner is given written notice thereof, or in the event
24 that the mortgagor pays the obligation under the mortgage
25 in full prior to the maturity thereof, and the mortgagee pays

1 any adjusted premium charge required under the provisions
2 of section 203 (c), and the Commissioner is given written
3 notice by the mortgagee of the payment of such obligation,
4 the obligation to pay any subsequent premium charge for
5 insurance shall cease, and all rights of the mortgagee and the
6 mortgagor under this section shall terminate as of the date
7 of such notice.”

8 SEC. 114. Section 205 of said act, as amended, is
9 hereby amended to read as follows:

10 “SEC. 205. (a) The Commissioner shall establish as of
11 July 1, 1954, in the Mutual Mortgage Insurance Fund a
12 General Surplus Account and a Participating Reserve Ac-
13 count. All of the assets of the General Reinsurance Account
14 shall be transferred to the General Surplus Account where-
15 upon the General Reinsurance Account shall be abolished.
16 There shall be transferred from the various group accounts to
17 the Participating Reserve Account as of July 1, 1954, an
18 amount equal to the aggregate amount which would have
19 been distributed under the provisions of section 205 in effect
20 on June 30, 1954, if all outstanding mortgages in such group
21 accounts had been paid in full on said date. All of the
22 remaining balances of said group accounts shall as of said date
23 be transferred to the General Surplus Account whereupon all
24 of said group accounts shall be abolished.

25 “(b) The aggregate net income thereafter received or

1 any net loss thereafter sustained by the Mutual Mortgage
2 Insurance Fund in any semiannual period shall be credited
3 or charged to the General Surplus Account and/or the Par-
4 ticipating Reserve Account in such manner and amounts as
5 the Commissioner may determine to be in accord with sound
6 actuarial and accounting practice.

7 “(c) Upon termination of the insurance obligation of the
8 Mutual Mortgage Insurance Fund by payment of any mort-
9 gage insured thereunder, the Commissioner is authorized to
10 distribute to the mortgagor a share of the Participating
11 Reserve Account in such manner and amount as the Com-
12 missioner shall determine to be equitable and in accordance
13 with sound actuarial and accounting practice: Provided,
14 That, in no event, shall any such distributable share exceed
15 the aggregate scheduled annual premiums of the mortgagor
16 to the year of termination of the insurance.

17 “(d) No mortgagor or mortgagee of any mortgage in-
18 sured under section 203 shall have any vested right in a
19 credit balance in any such account or be subject to any
20 liability arising out of the mutuality of the Fund and the
21 determination of the Commissioner as to the amount to be
22 paid by him to any mortgagor shall be final and conclusive.”

23 SEC. 115. Section 207 (c) of said Act, as amended, is
24 hereby amended—

25 (1) by inserting before the semicolon at the end of

1 paragraph numbered (2) a colon and the following:
2 “And provided further, That nothing contained in this
3 section shall preclude the insurance of mortgages covering
4 existing construction located in slum or blighted areas, as
5 defined in paragraph numbered (5) of subsection (a) of
6 this section, and the Commissioner may require such re-
7 pair or rehabilitation work to be completed as is, in his
8 discretion, necessary to remove conditions detrimental to
9 safety, health, or morals”;

10 (2) by striking out the word “Alaska,” in para-
11 graph numbered (2) and inserting “Alaska, or in
12 Guam,”; and

13 (3) by striking out paragraph numbered (3) and
14 inserting the following:

15 “(3) not to exceed, for such part of such property
16 or project as may be attributable to dwelling use, \$2,000
17 per room (or \$7,200 per family unit if the number of
18 rooms in such property or project is less than four per
19 family unit): Provided, That as to projects to consist of
20 elevator-type structures, the Commissioner may, in his
21 discretion, increase the dollar amount limitation of
22 \$2,000 per room to not to exceed \$2,400 per room and the
23 dollar amount limitation of \$7,200 per family unit to not
24 to exceed \$7,500 per family unit, as the case may be, to
25 compensate for the higher costs incident to the construction

1 of elevator-type structures of sound standards of con-
2 struction and design.”

3 SEC. 116. Section 207 (d) of said Act, as amended,
4 is hereby amended by inserting the words “of the Housing
5 Insurance Fund” between the words “debentures” and
6 “issued” in the first sentence of such section.

7 SEC. 117. Section 207 (h) of said Act, as amended, is
8 hereby amended by striking out the period at the end of the
9 first sentence and adding the following: “and a reasonable
10 amount for necessary expenses incurred by the mortgagee in
11 connection with the foreclosure proceedings, or the acquisi-
12 tion of the mortgaged property otherwise, and the con-
13 veyance thereof to the Commissioner.”

14 SEC. 118. Section 212 (a) of said Act, as amended, is
15 hereby amended by inserting at the end thereof the follow-
16 ing new sentence: “The provisions of this section shall also
17 apply to the insurance of any mortgage under section 220
18 which covers property on which there is located a dwelling
19 or dwellings designed principally for residential use for
20 twelve or more families.”

21 SEC. 119. (a) Section 213 (b) of said Act, as amended,
22 is hereby amended by striking clauses (1) and (2) and
23 inserting:

24 “(1) not to exceed \$5,000,000, or not to exceed
25 \$50,000,000 if the mortgage is executed by a mortgagor

1 *regulated or supervised under Federal or State laws or*
2 *by political subdivisions of States or agencies thereof, as*
3 *to rents, charges, and methods of operations; and*

4 “(2) not to exceed, for such part of such property
5 *or project as may be attributable to dwelling use, \$2,250*
6 *per room (or \$8,100 per family if the number of*
7 *rooms in such property or project is less than four per*
8 *family unit), and not to exceed 90 per centum of the*
9 *estimated value of the property or project when the pro-*
10 *posed improvements are completed: Provided, That if at*
11 *least 50 per centum of the membership of the corpora-*
12 *tion or number of beneficiaries of the trust consists of*
13 *veterans, the mortgage may involve a principal obli-*
14 *gation not to exceed \$2,375 per room (or \$8,550 per*
15 *family unit if the number of rooms in such property or*
16 *project is less than four per family unit), and not to*
17 *exceed 95 per centum of the estimated value of the*
18 *property or project when the proposed physical im-*
19 *provements are completed: Provided further, That as*
20 *to projects which consist of elevator type structures, and*
21 *to compensate for the higher costs incident to the con-*
22 *struction of elevator type structures of sound standards*
23 *of construction and design, the Commissioner may, in his*
24 *discretion, increase the aforesaid dollar amount limita-*
25 *tions per room or per family unit (as may be applicable*

to the particular case) within the following limits: (i) \$2,250 per room to not to exceed (\$2,700; (ii) \$2,375 per room to not to exceed \$2,850; (iii) \$8,100 per family unit not to exceed \$8,400; and (iv) \$8,550 per family unit to not to exceed \$8,900, except that the Commissioner may, by regulation, increase the foregoing limits by an additional \$1,000 per room for any such projects in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, if located in a geographical area where he finds that cost levels so require: And provided further, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President."

1 (b) Section 213 (c) of said Act, as amended, is here-
2 by amended by striking from clause (1) "paragraph (A),
3 paragraph (C), or paragraph (D) of".

4 SEC. 120. In the performance of, and with respect to,
5 the functions, powers, and duties vested in him by section 213
6 of the National Housing Act, as amended, the Commissioner
7 shall appoint an Assistant Commissioner (notwithstanding
8 the provisions of any other law except a provision hereafter
9 enacted expressly in limitation hereof) to administer the
10 provisions of that section under the direction and supervision
11 of the Commissioner.

12 SEC. 121. Section 217 of said Act, as amended, is hereby
13 amended to read as follows:

14 "SEC. 217. Notwithstanding limitations contained in
15 any other section of this Act on the aggregate amount of
16 principal obligations of mortgages or loans which may be
17 insured (or insured and outstanding at any one time) the
18 aggregate amount of principal obligations of all mortgages
19 which may be insured and outstanding at any one time under
20 insurance contracts or commitments to insure pursuant to
21 any section or title of this Act (except section 2) shall not
22 exceed the sum of (a) the outstanding principal balances, as
23 of July 1, 1954, of all insured mortgages (as estimated by
24 the Commissioner based on scheduled amortization payments
25 without taking into account prepayments or delinquencies),

1 (b) the principal amount of all outstanding commitments
 2 to insure on that date, and (c) \$1,500,000,000, except that
 3 with the approval of the President such aggregate amount
 4 may be increased by not to exceed \$500,000,000.

5 “It is the intent and purpose of this section to consolidate
 6 and merge all existing mortgage insurance authorizations
 7 or existing limitations with respect to any section or title of
 8 this Act (except section 2) into one general insurance
 9 authorization to take the place of all existing authorizations
 10 or limitations.”

11 SEC. 122. Section 219 of said Act, as amended, is
 12 hereby amended by striking out the words “or the Defense
 13 Housing Insurance Fund” and inserting “the Defense Hous-
 14 ing Insurance Fund, or the Section 220 Housing Insurance
 15 Fund,”.

16 SEC. 123. Title II of said Act, as amended, is hereby
 17 amended by adding at the end thereof the following new
 18 sections:

19 “REHABILITATION AND NEIGHBORHOOD CONSERVATION
 20 HOUSING INSURANCE

21 “SEC. 220. (a) The purpose of this section is to aid in
 22 the elimination of slums and blighted conditions and the pre-
 23 vention of the deterioration of residential property by supple-
 24 menting the insurance of mortgages under sections 203 and
 25 207 of this title with a system of mortgage insurance de-

1 *signed to assist the financing required for the rehabilitation*
2 *of existing dwelling accommodations and the construction of*
3 *new dwelling accommodations where such dwelling accommo-*
4 *dations are located in an area referred to in paragraph (1)*
5 *of subsection (d) of this section.*

6 “(b) The Commissioner is authorized, upon application
7 by the mortgagee, to insure, as hereinafter provided, any
8 mortgage (including advances during construction on mort-
9 gages covering property of the character described in para-
10 graph (3) (B) of subsection (d) of this section) which is
11 eligible for insurance as hereinafter provided, and, upon
12 such terms and conditions as he may prescribe, to make
13 commitments for the insurance of such mortgages prior to the
14 date of their execution or disbursement thereon.

15 “(c) As used in this section, the terms ‘mortgage’, ‘first
16 mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’, and
17 ‘State’ shall have the same meaning as in section 201 of
18 this Act.

19 “(d) To be eligible for insurance under this section a
20 mortgage shall meet the following conditions:

21 “(1) The mortgaged property shall—

22 “(A) be located in (i) the area of a slum clearance
23 and urban redevelopment project covered by a Federal-
24 aid contract executed, or a prior approval granted,
25 pursuant to title I of the Housing Act of 1949, as

1 amended, before the effective date of the Housing Act of
 2 1954, or (ii) an urban renewal area (as defined in
 3 title I of the Housing Act of 1949, as amended) in a
 4 community respecting which the Housing and Home
 5 Finance Administrator has made the certification to the
 6 Commissioner provided for by subsection 101 (c) of the
 7 Housing Act of 1949, as amended: *Provided, That a*
 8 redevelopment plan or an urban renewal plan (as de-
 9 fined in title I of the Housing Act of 1949, as amended),
 10 as the case may be, has been approved for such area
 11 by the governing body of the locality involved and by
 12 the Housing and Home Finance Administrator, and
 13 said Administrator has certified to the Commissioner that
 14 such plan conforms to a general plan for the locality as
 15 a whole and that there exist the necessary authority and
 16 financial capacity to assure the completion of such re-
 17 development or urban renewal plan, and

18 “(B) meet such standards and conditions as the
 19 Commissioner shall prescribe to establish the acceptability
 20 of such property for mortgage insurance under this
 21 section.

22 “(2) The mortgaged property shall be held by—

23 “(A) a mortgagor approved by the Commissioner,
 24 and the Commissioner may in his discretion require such

1 mortgagor to be regulated or restricted as to rents or
2 sales, charges, capital structure, rate of return and meth-
3 ods of operation, and for such purpose the Commissioner
4 may make such contracts with and acquire for not to ex-
5 ceed \$100 stock or interest in any such mortgagor as the
6 Commissioner may deem necessary to render effective
7 such restriction or regulations. Such stock or interest
8 shall be paid for out of the Section 220 Housing In-
9 surance Fund and shall be redeemed by the mortgagor
10 at par upon the termination of all obligations of the
11 Commissioner under the insurance; or

12 “(B) by Federal or State instrumentalities, munic-
13 ipal corporate instrumentalities of one or more States,
14 or limited dividend or redevelopment or housing corpora-
15 tions restricted by Federal or State laws or regulations of
16 State banking or insurance departments as to rents,
17 charges, capital structure, rate of return, or methods of
18 operation.

19 “(3) The mortgage shall involve a principal obligation
20 (including such initial service charges, appraisal, inspection
21 and other fees as the Commissioner shall approve) in an
22 amount—

23 “(A) not to exceed \$18,000 in the case of property
24 upon which there is located a dwelling designed princi-
25 pally for a one- or two-family residence; or \$24,000 in

1 *the case of a three-family residence; or \$30,000 in the*
2 *case of a four-family residence; or in the case of a dwell-*
3 *ing designed principally for residential use for more than*
4 *four families (but not exceeding such additional number*
5 *of family units as the Commissioner may prescribe)*
6 *\$30,000 plus not to exceed \$6,000 for each additional*
7 *family unit in excess of four located on such property;*
8 *and not to exceed an amount equal to the sum of (i)*
9 *95 per centum of \$8,000 of the appraised value (as of*
10 *the date the mortgage is accepted for insurance) and*
11 *(ii) 75 per centum of such value in excess of \$8,000;*
12 *or*

13 *“(B) (i) not to exceed \$5,000,000, or, if executed*
14 *by a mortgagor coming within the provisions of para-*
15 *graph (2) (B) of this subsection (d), not to exceed*
16 *\$50,000,000; and*

17 *“(ii) not to exceed 90 per centum of the estimated*
18 *value of the property or project when the proposed*
19 *improvements are completed (the value of the property*
20 *or project may include the land, the proposed physical*
21 *improvements, utilities within the boundaries of the prop-*
22 *erty or project, architect's fees, taxes, and interest during*
23 *construction, and other miscellaneous charges incident to*
24 *construction and approved by the Commissioner); and*

25 *“(iii) not to exceed, for such part of such property*

1 or project as may be attributable to dwelling use, \$2,250
2 per room (or \$8,100 per family unit if the number of
3 rooms in such property or project is less than four per
4 family unit): Provided, That as to projects to consist
5 of elevator-type structures, the Commissioner may, in
6 his discretion, increase the dollar amount limitation of
7 \$2,250 per room to not to exceed \$2,700 per room and
8 the dollar amount limitation of \$8,100 per family unit to
9 not to exceed \$8,400 per family unit, as the case may
10 be, to compensate for the higher costs incident to the con-
11 struction of elevator-type structures of sound standards
12 of construction and design, except that the Commissioner
13 may, by regulation, increase the foregoing limits by an
14 additional \$1,000 per room in any geographical area
15 where he finds that cost levels so require: And provided
16 further, That nothing contained in paragraph (B) shall
17 preclude the insurance of mortgages covering existing
18 multifamily dwellings to be rehabilitated or reconstructed
19 for the purposes set forth in subsection (a) of this
20 section.

21 “(4) The mortgage shall provide for complete amorti-
22 zation by periodic payments within such terms as the Com-
23 missioner may prescribe, but as to mortgages coming within
24 the provisions of paragraph (3) (A) of this subsection (d)
25 not to exceed the maximum maturity prescribed by the

1 provisions of section 203 (b) (3). The mortgage shall
2 bear interest (exclusive of premium charges for insurance
3 and service charge, if any) at not to exceed 5 per centum
4 per annum on the amount of the principal obligation out-
5 standing at any time, or not to exceed such per centum per
6 annum not in excess of 6 per centum as the Commissioner
7 finds necessary to meet the mortgage market; contain such
8 terms and provisions with respect to the application of the
9 mortgagor's periodic payment to amortization of the principal
10 of the mortgage, insurance, repairs, alterations, payment of
11 taxes, default reserves, delinquency charges, foreclosure pro-
12 ceedings, anticipation of maturity, additional and secondary
13 liens, and other matters as the Commissioner may in his
14 discretion prescribe.

15 “(e) The Commissioner may at any time, under such
16 terms and conditions as he may prescribe, consent to the
17 release of the mortgagor from his liability under the mortgage
18 or the credit instrument secured thereby, or consent to the
19 release of parts of the mortgaged property from the lien of
20 the mortgage.

21 “(f) The mortgagee shall be entitled to receive the
22 benefits of the insurance as hereinafter provided—

23 “(1) as to mortgages meeting the requirements of
24 paragraph (3) (A) of subsection (d) of this section,
25 as provided in section 204 (a) of this Act with respect

1 to mortgages insured under section 203; and the pro-
2 visions of subsections (b), (c), (d), (e), (f), (g),
3 and (h) of section 204 of this Act shall be applicable to
4 such mortgages insured under this section, except that
5 all references therein to the Mutual Mortgage Insurance
6 Fund or the Fund shall be construed to refer to the
7 Section 220 Housing Insurance Fund and all references
8 therein to section 203 shall be construed to refer to this
9 section; or

10 “(2) as to mortgages meeting the requirements of
11 paragraph (3) (B) of subsection (d) of this section,
12 as provided in section 207 (g) of this Act with respect
13 to mortgages insured under said section 207, and the
14 provisions of subsections (h), (i), (j), (k), and (l)
15 of section 207 of this Act shall be applicable to such
16 mortgages insured under this section, and all references
17 therein to the Housing Insurance Fund or the Housing
18 Fund shall be construed to refer to the Section 220
19 Housing Insurance Fund.

20 “(g) There is hereby created a Section 220 Housing
21 Insurance Fund which shall be used by the Commissioner
22 as a revolving fund for carrying out the provisions of this
23 section, and the Commissioner is hereby authorized to trans-
24 fer to such Fund the sum of \$1,000,000 from the War Hous-
25 ing Insurance Fund established pursuant to the provisions of

1 section 602 of this Act. General expenses of operation of
2 the Federal Housing Administration under this section may
3 be charged to the Section 220 Housing Insurance Fund.

4 “Moneys in the Section 220 Housing Insurance Fund
5 not needed for the current operations of the Federal Housing
6 Administration under this section shall be deposited with the
7 Treasurer of the United States to the credit of such Fund, or
8 invested in bonds or other obligations of, or in bonds or other
9 obligations guaranteed as to principal and interest by, the
10 United States. The Commissioner may, with the approval
11 of the Secretary of the Treasury, purchase in the open
12 market debentures issued under the provisions of this section.
13 Such purchases shall be made at a price which will provide
14 an investment yield of not less than the yield obtainable from
15 other investments authorized by this section. Debentures
16 so purchased shall be canceled and not reissued.

17 “Premium charges, adjusted premium charges, and ap-
18 praisal and other fees received on account of the insurance
19 of any mortgage accepted for insurance under this section;
20 the receipts derived from the property covered by such mort-
21 gage and claims assigned to the Commissioner in con-
22 nection therewith shall be credited to the Section 220 Hous-
23 ing Insurance Fund. The principal of, and interest paid
24 and to be paid on debentures issued under this section, cash
25 adjustments, and expenses incurred in the handling, manage-

1 *ment, renovation, and disposal of properties acquired under*
2 *this section shall be charged to such Fund.*

3 “*SEC. 221. (a) This section is designed to supplement*
4 *systems of mortgage insurance under other provisions of the*
5 *National Housing Act in order to assist in relocating families*
6 *to be displaced as the result of governmental action in a com-*
7 *munity respecting which (1) the Housing and Home Finance*
8 *Administrator has made the certification to the Commissioner*
9 *provided for by subsection 101 (c) of the Housing Act of*
10 *1949, as amended, or (2) there is being carried out a project*
11 *covered by a Federal aid contract executed, or prior approval*
12 *granted, by the Housing and Home Finance Administrator*
13 *under title I of the Housing Act of 1949, as amended, before*
14 *the effective date of the Housing Act of 1954. Mortgage*
15 *insurance under this section shall be available only in those*
16 *localities or communities which shall have requested such*
17 *mortgage insurance to be provided: Provided, That the Com-*
18 *missioner shall prescribe such procedures as in his judgment*
19 *are necessary to secure to the families to be so displaced,*
20 *referred to above, a preference or priority of opportunity to*
21 *purchase or rent such dwelling units: Provided further,*
22 *That the total number of dwelling units in properties covered*
23 *by mortgage insurance under this section in any such com-*
24 *munity shall not exceed the aggregate number of such dwell-*
25 *ing units which the Housing and Home Finance Administra-*

1 tor, from time to time, certifies to the Commissioner to be
2 needed for the relocation of families to be so displaced and
3 who would be eligible to rent or purchase dwelling accommo-
4 dations in properties covered by mortgage insurance author-
5 ized by this section: Provided further, That, with respect to
6 any community referred to in clause (1) of this subsection,
7 said Administrator shall not certify any dwelling units during
8 any period when, in his opinion, the locality fails to carry out
9 the workable program upon which said Administrator based
10 the certification to the Commissioner that mortgage insurance
11 under this section may be made available in such community:
12 And provided further, That with respect to any community
13 referred to in clause (2) of this subsection (but not clause
14 (1) thereof), the number of dwelling units certified by said
15 Administrator shall not exceed the number which he estimates
16 to be needed for the relocation of such displaced families dur-
17 ing the period when the project referred to in said clause (2)
18 is being carried out.

19 “(b) The Commissioner is authorized, upon application
20 by the mortgagee, to insure under this section as hereinafter
21 provided any mortgage which is eligible for insurance as pro-
22 vided herein and, upon such terms and conditions as the
23 Commissioner may prescribe, to make commitments for the
24 insurance of such mortgages prior to the date of their execu-
25 tion or disbursement thereon.

1 “(c) As used in this section, the terms ‘mortgage’, ‘first
2 mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’ and
3 ‘State’ shall have the same meaning as in section 201 of this
4 Act.

5 “(d) To be eligible for insurance under this section, a
6 mortgage shall—

7 “(1) have been made to and be held by a mort-
8 gagee approved by the Commissioner as responsible and
9 able to service the mortgage properly;

10 “(2) involve a principal obligation (including such
11 initial service charges, appraisal, inspection, and other
12 fees as the Commissioner shall approve) in an amount
13 not to exceed \$7,600, except that the Commissioner may
14 by regulation increase this amount to not to exceed
15 \$8,600 in any geographical area where he finds that cost
16 levels so require, and not to exceed 95 per centum of
17 the appraised value (as of the date the mortgage is ac-
18 cepted for insurance) of a property, upon which there is
19 located a dwelling designed principally for a single-
20 family residence, or not to exceed 90 per centum of such
21 appraised value if the mortgage is not on property ap-
22 proved for insurance prior to the beginning of construc-
23 tion: Provided, That the mortgagor shall be the owner
24 and occupant of the property at the time of the insurance
25 and shall have paid on account of the property at least

1 5 per centum or 10 per centum, as the case may be, of
2 the Commissioner's estimate of the cost of acquisition in
3 cash or its equivalent: Provided further, That nothing
4 contained herein shall preclude the Commissioner from
5 issuing a commitment to insure and insuring a mortgage
6 pursuant thereto where the mortgagor is not the owner
7 and occupant and the property is to be built or acquired
8 and repaired or rehabilitated for sale and the insured
9 mortgage financing is required to facilitate the construc-
10 tion or the repair or rehabilitation of the dwelling and
11 provide financing pending the subsequent sale thereof to
12 a qualified owner-occupant, and in such instances the
13 mortgage shall not exceed 85 per centum of the appraised
14 value; or

15 “(3) if executed by a mortgagor which is a private
16 nonprofit corporation or association or other acceptable
17 private nonprofit organization, regulated or supervised
18 under Federal or State laws or by political subdivisions
19 of States or agencies thereof, as to rents, charges, and
20 methods of operation, in such form and in such manner
21 as, in the opinion of the Commissioner, will effectuate the
22 purposes of this section, the mortgage may involve a
23 principal obligation not in excess of \$5,000,000; and not
24 in excess of \$7,600 per family unit for such part of
25 such property or project as may be attributable to dwell-

1 *ing use, except that the Commissioner may by regulation*
2 *increase this amount to not to exceed \$8,600 in any geo-*
3 *graphical area where he finds that cost levels so require,*
4 *and not in excess of 95 per centum of the Commis-*
5 *sioner's estimate of the value of the property or project*
6 *when constructed, or repaired and rehabilitated, for use*
7 *as rental accommodations for ten or more families eligible*
8 *for occupancy as provided in this section; and*

9 *“(4) provide for complete amortization by periodic*
10 *payments within such terms as the Commissioner may*
11 *prescribe, but not to exceed thirty years from the date of*
12 *insurance of the mortgage; bear interest (exclusive of*
13 *premium charges for insurance and service charge, if*
14 *any) at not to exceed 5 per centum per annum on the*
15 *amount of the principal obligation outstanding at any*
16 *time, or not to exceed such per centum per annum not*
17 *in excess of 6 per centum as the Commissioner finds nec-*
18 *essary to meet the mortgage market; and contain such*
19 *terms and provisions with respect to the application of*
20 *the mortgagor's periodic payment to amortization of the*
21 *principal of the mortgage, insurance, repairs, alterations,*
22 *payment of taxes, default reserves, delinquency charges,*
23 *foreclosure proceedings, anticipation of maturity, addi-*
24 *tional and secondary liens, and other matters as the Com-*
25 *missioner may in his discretion prescribe.*

1 “(e) The Commissioner may at any time, under such
2 terms and conditions as he may prescribe, consent to the
3 release of the mortgagor from his liability under the mort-
4 gage or the credit instrument secured thereby, or consent
5 to the release of parts of the mortgaged property from the
6 lien of the mortgage.

7 “(f) The property or project shall comply with such
8 standards and conditions as the Commissioner may prescribe
9 to establish the acceptability of such property for mortgage
10 insurance.

11 “(g) The mortgagee shall be entitled to receive the
12 benefits of the insurance as hereinafter provided—

13 “(1) as to mortgages meeting the requirements of
14 paragraph (2) of subsection (d) of this section, as pro-
15 vided in section 204 (a) of this Act with respect to
16 mortgages insured under section 203; and the provisions
17 of subsections (b), (c), (d), (e), (f), (g), and (h)
18 of section 204 of this Act shall be applicable to such
19 mortgages insured under this section, except that all
20 references therein to the Mutual Mortgage Insurance
21 Fund or the Fund shall be construed to refer to the Sec-
22 tion 221 Housing Insurance Fund and all references
23 therein to section 203 shall be construed to refer to this
24 section; or

25 “(2) as to mortgages meeting the requirements of

1 paragraph (3) of subsection (d) of this section, as pro-
2 vided in section 207 (g) of this Act with respect to
3 mortgages insured under said section 207, and the pro-
4 visions of subsections (h), (i), (j), (k), and (l) of
5 section 207 of this Act shall be applicable to such mort-
6 gages insured under this section, and all references
7 therein to the Housing Insurance Fund or the Housing
8 Fund shall be construed to refer to the Section 221
9 Housing Insurance Fund; or

10 “(3) in the event any mortgage insured under this
11 section is not in default at the expiration of twenty years
12 from the date the mortgage was endorsed for insurance,
13 the mortgage shall, within a period thereafter to be de-
14 termined by the Commissioner, have the option to as-
15 sign, transfer, and deliver to the Commissioner the
16 original credit instrument and the mortgage securing
17 the same and receive the benefits of the insurance as
18 hereinafter provided in this paragraph, upon compliance
19 with such requirements and conditions as to the validity
20 of the mortgage as a first lien and such other matters
21 as may be prescribed by the Commissioner at the time
22 the loan is endorsed for insurance. Upon such assign-
23 ment, transfer, and delivery the obligation of the mort-
24 gagee to pay the premium charges for insurance shall
25 cease, and the Commissioner shall, subject to the cash

adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term 'going Federal rate' as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United

1 *States having a maturity date of eight to twelve years*
2 *from the first day of such month of May or November*
3 *(or, if no such obligations are outstanding, the obligation*
4 *next shorter than eight years and the obligation next*
5 *longer than twelve years, respectively, shall be used),*
6 *and by adjusting such estimated average annual yield*
7 *to the nearest one-eighth of 1 per centum. The Com-*
8 *missioner shall have the same authority with respect to*
9 *mortgages assigned to him under this paragraph as con-*
10 *tained in section 207 (k) and section 207 (l) as to*
11 *mortgages insured by the Commissioner and assigned to*
12 *him under section 207 of this Act.*

13 “(h) *There is hereby created a Section 221 Housing*
14 *Insurance Fund which shall be used by the Commissioner*
15 *as a revolving fund for carrying out the provisions of this*
16 *section, and the Commissioner is hereby authorized to trans-*
17 *fer to such Fund the sum of \$1,000,000 from the War*
18 *Housing Insurance Fund established pursuant to the pro-*
19 *visions of section 602 of this Act. General expenses of op-*
20 *eration of the Federal Housing Administration under this*
21 *section may be charged to the Section 221 Housing Insur-*
22 *ance Fund.*

23 “*Moneys in the Section 221 Housing Insurance Fund*
24 *not needed for the current operations of the Federal Housing*

1 *Administration under this section shall be deposited with*
2 *the Treasurer of the United States to the credit of such fund,*
3 *or invested in bonds or other obligations of, or in bonds or*
4 *other obligations guaranteed as to principal and interest by,*
5 *the United States. The Commissioner may, with the ap-*
6 *proval of the Secretary of the Treasury, purchase in the open*
7 *market debentures issued under the provisions of this section.*
8 *Such purchases shall be made at a price which will provide*
9 *an investment yield of not less than the yield obtainable from*
10 *other investments authorized by this section. Debentures*
11 *so purchased shall be canceled and not reissued.*

12 *“Premium charges, adjusted premium charges, and ap-*
13 *praisal and other fees received on account of the insurance*
14 *of any mortgage accepted for insurance under this section,*
15 *the receipts derived from the property covered by such mort-*
16 *gage and claims assigned to the Commissioner in connection*
17 *therewith shall be credited to the Section 221 Housing Insur-*
18 *ance Fund. The principal of, and interest paid and to be*
19 *paid on debentures issued under this section, cash adjust-*
20 *ments, and expenses incurred in the handling, management,*
21 *renovation, and disposal of properties acquired under this*
22 *section shall be charged to such Fund.”*

23 *SEC. 124. Title II of said Act, as amended, is further*

1 amended by adding at the end thereof the following new
2 section:

3 "MORTGAGE INSURANCE FOR SERVICEMEN

4 SEC. 222. (a) The purpose of this section is to aid in the
5 provision of housing accommodations for servicemen in the
6 Armed Forces of the United States and their families, and
7 servicemen in the United States Coast Guard and their
8 families, by supplementing the insurance of mortgages under
9 section 203 of this title with a system of mortgage insurance
10 specially designed to assist the financing required for the con-
11 struction or purchase of dwellings by those persons. As used
12 in this section, a 'serviceman' means a person to whom the
13 Secretary of Defense (or any officer or employee designated
14 by him), or the Secretary of the Treasury (or any officer
15 or employee designated by him), as the case may be, has is-
16 sued a certificate hereunder indicating that such person re-
17 quires housing, is serving on active duty in the Armed Forces
18 of the United States or in the United States Coast Guard
19 and has served on active duty for more than two years, but
20 a certificate shall not be issued hereunder to any person or-
21 dered to active duty for training purposes only. The Secre-
22 tary of Defense and the Secretary of the Treasury, respec-
23 tively, are authorized to prescribe rules and regulations
24 governing the issuance of such certificates and may withhold
25 issuance of more than one such certificate to a serviceman

1 *whenever in his discretion issuance is not justified due to cir-*
2 *cumstances resulting from military assignment, or, in the*
3 *case of the United States Coast Guard, other assignment.*

4 “(b) *In addition to mortgages insured under section 203,*
5 *the Commissioner may, for the purpose of this section, insure*
6 *any mortgage under this section which would be eligible for*
7 *insurance under section 203, except that as to mortgages so*
8 *insured the maximum ratio of loan to value may, in the*
9 *discretion of the Commissioner, exceed the maximum ratio*
10 *of loan to value prescribed in section 203 but not to exceed*
11 *in any event 95 per centum of the appraised value of the*
12 *property and not to exceed \$14,250: Provided, That a mort-*
13 *gage insured under this section shall have been executed by*
14 *a mortgagor who is a serviceman and who, at the time of*
15 *insurance, is the owner of the property and either occupies*
16 *the property or certifies that his failure to do so is the result*
17 *of his military assignment, or, in the case of the United States*
18 *Coast Guard, other assignment.*

19 “(c) *The Commissioner may prescribe the manner in*
20 *which a mortgage may be accepted for insurance under this*
21 *section. Premiums fixed by the Commissioner under section*
22 *203 with respect to, or payable during, the period of owner-*
23 *ship by a serviceman of the property involved shall not be*
24 *payable by the mortgagee but shall be paid not less frequently*
25 *than once each year, upon request of the Commissioner to*

1 *the Secretary of Defense or the Secretary of the Treasury,*
2 *as the case may be, from the respective appropriations avail-*
3 *able for pay and allowances of persons eligible for mortgage*
4 *insurance under this section. As used herein, 'the period*
5 *of ownership by a serviceman' means the period, for which*
6 *premiums are fixed, prior to the date that the Secretary of*
7 *Defense (or any officer or employee or other person desig-*
8 *nated by him) or the Secretary of the Treasury (or any*
9 *officer or employee or other person designated by him), as*
10 *the case may be, furnishes the Commissioner with a certifica-*
11 *tion that such ownership (as defined by the Commissioner)*
12 *has terminated.*

13 “(d) *Any mortgagee under a mortgage insured under*
14 *this section is entitled to the benefits of the insurance as*
15 *provided in section 204 (a) with respect to mortgages*
16 *insured under section 203.*

17 “(e) *The provisions of subsections (b), (c), (d), (e),*
18 *(f), (g), and (h) of section 204 shall apply to mortgages*
19 *insured under this section, except that as applied to those*
20 *mortgages (1) all references to the 'Fund,' or 'Mutual*
21 *Mortgage Insurance Fund,' shall refer to the 'Servicemen's*
22 *Mortgage Insurance Fund,' and (2) all references to 'sec-*
23 *tion 203' shall refer to this section.*

24 “(f) *There is hereby created a Servicemen's Mortgage*
25 *Insurance Fund to be used by the Commissioner as a revolv-*

1 ing fund to carry out the provisions of this section. For the
2 purposes of this Fund (and in addition to amounts made
3 available pursuant to subsection (c) or otherwise), there is
4 hereby authorized to be appropriated the sum of \$1,000,000.
5 For immediate needs pending such appropriation, the Com-
6 missioner is directed to transfer the sum of \$1,000,000 to
7 such Fund from the War Housing Insurance Fund created
8 by section 602 of this act, such amount to be reimbursed to
9 the War Housing Insurance Fund upon the availability of
10 the appropriation authorized by the preceding sentence. Any
11 premium charges, adjusted premium charges, and appraisal
12 and other fees received on account of the insurance of any
13 mortgage accepted for insurance under this section, the receipts
14 derived from the property covered by such mortgage and
15 claims assigned to the Commissioner in connection therewith
16 shall be credited to the Servicemen's Mortgage Insurance
17 Fund. The principal of, and interest paid and to be paid
18 on, debentures issued under this section, and cash adjustments
19 and expenses incurred in the handling, management, renova-
20 tion, and disposal of properties acquired under this section
21 shall be charged to the Servicemen's Mortgage Insurance
22 Fund. General expenses of operation of the Federal Housing
23 Administration incurred under this section may be charged to
24 the Servicemen's Mortgage Insurance Fund. Moneys in that
25 Fund not needed for the current operation of the Federal

1 *Housing Administration under this section shall be deposited*
2 *with the Treasurer of the United States to the credit of that*
3 *Fund, or invested in bonds or other obligations of, or in bonds*
4 *or other obligations guaranteed as to principal and interest by,*
5 *the United States. The Commissioner may, with the approval*
6 *of the Secretary of the Treasury, purchase in the open market*
7 *debentures issued under this section. Those purchases shall*
8 *be made at a price which will provide an investment yield*
9 *of not less than the yield obtainable from other investments*
10 *authorized by this section. Debentures so purchased shall be*
11 *canceled and not reissued.*

12 “(g) Notwithstanding any provision of the Servicemen’s
13 *Readjustment Act of 1944, as amended, no mortgagor under*
14 *this section shall be eligible thereafter for loan benefits under*
15 *title III of that Act to purchase residential property or con-*
16 *struct a dwelling to be occupied as his home, and no person*
17 *who has used his entitlement under title III of said Act to*
18 *purchase residential property or construct a dwelling to be*
19 *occupied as his home shall be eligible for the benefits of this*
20 *section.”*

21 *SEC. 125. Title II of said Act, as amended, is hereby*
22 *further amended by adding at the end thereof the following*
23 *new section to transfer to title II the mortgage insurance*
24 *program in connection with the sale of certain publicly*
25 *owned property as contained in section 610 of title VI; the*

1 insurance of mortgages to refinance existing loans insured
 2 under section 608 of title VI and sections 903 and 908 of
 3 title IX; and to authorize the insurance under title II of
 4 mortgages assigned to the Commissioner under insurance
 5 contracts and mortgages held by the Commissioner in con-
 6 nection with the sale of property acquired under insurance
 7 contracts:

8 “MISCELLANEOUS HOUSING INSURANCE

9 “SEC. 223 (a) Notwithstanding any of the provisions
 10 of this title, and without regard to limitations upon eligibility
 11 contained in section 203 or section 207, the Commissioner is
 12 authorized, upon application by the mortgagee, to insure or
 13 make commitments to insure under section 203 or section
 14 207 of this title any mortgage—

15 “(1) executed in connection with the sale by the
 16 Government, or any agency or official thereof, of any
 17 housing acquired or constructed under Public Law 849,
 18 Seventy-sixth Congress, as amended; Public Law 781,
 19 Seventy-sixth Congress, as amended; or Public Laws 9,
 20 73, or 353, Seventy-seventh Congress, as amended (in-
 21 cluding any property acquired, held, or constructed in
 22 connection with such housing or to serve the inhabitants
 23 thereof); or

24 “(2) executed in connection with the sale by the
 25 Public Housing Administration, or by any public hous-

1 *ing agency with the approval of the said Administration,*
2 *of any housing (including any property acquired, held,*
3 *or constructed in connection with such housing or to*
4 *serve the inhabitants thereof) owned or financially as-*
5 *sisted pursuant to the provisions of Public Law 671,*
6 *Seventy-sixth Congress; or*

7 *“(3) executed in connection with the sale by the*
8 *Government, or any agency or official thereof, of any of*
9 *the so-called Greenbelt towns, or parts thereof, including*
10 *projects, or parts thereof, known as Greenhills, Ohio;*
11 *Greenbelt, Maryland; and Greendale, Wisconsin, devel-*
12 *oped under the Emergency Relief Appropriation Act of*
13 *1935, or of any of the village properties or employee’s*
14 *housing under the jurisdiction of the Tennessee Valley*
15 *Authority; or*

16 *“(4) executed in connection with the sale by a State*
17 *or municipality, or an agency, instrumentality, or politi-*
18 *cal subdivision of either, of a project consisting of any*
19 *permanent housing (including any property acquired,*
20 *held, or constructed in connection therewith or to serve*
21 *the inhabitants thereof), constructed by or on behalf of*
22 *such State, municipality, agency, instrumentality, or*
23 *political subdivision, for the occupancy of veterans of*
24 *World War II, or Korean veterans, their families, and*
25 *others; or*

1 “(5) executed in connection with the first resale,
2 within two years from the date of its acquisition from
3 the Government, of any portion of a project or property
4 of the character described in paragraphs (1), (2), and
5 (3) above; or

6 “(6) given to refinance an existing mortgage in-
7 sured under section 608 of title VI prior to the effective
8 date of the Housing Act of 1954 or under section 903
9 or section 908 of title IX: Provided, That the principal
10 amount of any such refinancing mortgage shall not ex-
11 ceed the original principal amount or the unexpired
12 term of such existing mortgage and shall bear interest
13 at a rate not in excess of the maximum rate applicable
14 to loans insured under section 203 or section 207, as the
15 case may be, except that in any case involving the re-
16 financing of a loan insured under section 608 or 908 in
17 which the Commissioner determines that the insurance
18 of a mortgage for an additional term will inure to the
19 benefit of the applicable insurance fund, taking into con-
20 sideration the outstanding insurance liability under the
21 existing insured mortgage, such refinancing mortgage
22 may have a term not more than twelve years in excess
23 of the unexpired term of such existing insured mortgage:
24 Provided, That a mortgage of the character described
25 in paragraph (1), (2), (3), (4), or (5) shall have

1 *a maturity satisfactory to the Commissioner, but not to*
2 *exceed the maximum term applicable to loans insured*
3 *under section 203 or section 207, as the case may be,*
4 *and shall involve a principal obligation (including such*
5 *initial service charges, appraisal, inspection, and other*
6 *fees as the Commissioner shall approve) in an amount*
7 *not exceeding 90 per centum of the appraised value of*
8 *the mortgaged property, as determined by the Commis-*
9 *sioner, and bear interest (exclusive of premium charges*
10 *and service charges, if any) at not to exceed the maxi-*
11 *mum rate applicable to loans insured under section 203*
12 *or section 207, as the case may be, except that where a*
13 *mortgage of a character described in paragraph (1),*
14 *(2), (3), or (5) covers property held by a nonprofit*
15 *cooperative ownership housing corporation or nonprofit*
16 *cooperative ownership housing trust, the permanent oc-*
17 *cupancy of the dwellings of which is restricted to mem-*
18 *bers of such corporation or to beneficiaries of such trust,*
19 *if at least 50 per centum of such members or beneficiaries*
20 *are veterans, such principal obligation may be in an*
21 *amount not exceeding 95 per centum of such appraised*
22 *value.*

23 *“(b) The Commissioner shall also have authority to*
24 *insure under this title any mortgage assigned to him in con-*
25 *nection with payment under a contract of mortgage insur-*

1 *ance or executed in connection with the sale by him of any*
2 *property acquired under title I, title II, title VI, title VIII,*
3 *or title IX without regard to any limitation upon eligibility*
4 *contained in this title II."*

5 *SEC. 126. Title II of said Act, as amended, is hereby*
6 *amended by adding at the end thereof the following new*
7 *sections:*

8 *"DEBENTURE INTEREST RATE*

9 *"SEC. 224. Notwithstanding any other provisions of this*
10 *Act, debentures issued under any section of this Act with*
11 *respect to a mortgage accepted for insurance on or after thirty*
12 *days following the effective date of the Housing Act of 1954*
13 *(except debentures issued pursuant to paragraph (3) of*
14 *section 221 (g) hereof) shall bear interest at the rate in*
15 *effect at the time the mortgage is insured. The Commissioner*
16 *shall from time to time, with the approval of the Secretary of*
17 *the Treasury, establish such interest rate in an amount not*
18 *in excess of the annual rate of interest determined by the Sec-*
19 *retary of the Treasury, at the request of the Commissioner,*
20 *by estimating the average yield to maturity, on the basis of*
21 *daily closing market bid quotations or prices during the cal-*
22 *endar month next preceding the establishment of such rate of*
23 *interest, on all outstanding marketable obligations of the*
24 *United States having a maturity date of fifteen years or more*
25 *from the first day of such next preceding month, and by*

1 *adjusting such estimated average annual yield to the nearest*
2 *one-eighth of 1 per centum.*

3 "OPEN-END MORTGAGES

4 "SEC. 225. Notwithstanding any other provisions of
5 this Act, in connection with any mortgage insured pursuant
6 to any section of this Act which covers a property upon which
7 there is located a dwelling designed principally for residential
8 use for not more than four families in the aggregate, the Com-
9 missioner is authorized, upon such terms and conditions as
10 he may prescribe, to insure under said section the amount
11 of any advance for the improvement or repair of such
12 property made to the mortgagor pursuant to an 'open-end'
13 provision in the mortgage, and to add the amount of such
14 advance to the original principal obligation in determining
15 the value of the mortgage for the purpose of computing the
16 amounts of debentures and certificate of claim to which the
17 mortgagee may be entitled: Provided, That the Commissioner
18 may require the payment of such charges, including charges
19 in lieu of insurance premiums, as he may consider appropri-
20 ate for the insurance of such 'open-end' advances: Provided
21 further, That only advances for such improvements or repairs
22 as substantially protect or improve the basic livability or
23 utility of the property involved shall be eligible for insurance
24 under this section: Provided further, That no such advance
25 shall be insured under this section if the amount thereof plus

1 *the amount of the unpaid balance of the original principal ob-*
2 *ligation of the mortgage would exceed the amount of such*
3 *original principal obligation: And provided further, That the*
4 *insurance of 'open-end' advances shall not be taken into*
5 *account in determining the aggregate amount of principal*
6 *obligations of mortgages which may be insured under this Act.*

7 *"FHA APPRAISAL AVAILABLE TO HOME BUYERS*

8 *"SEC. 226. The Commissioner is hereby authorized and*
9 *directed to require that, in connection with any property*
10 *upon which there is located a dwelling designed principally*
11 *for a single-family residence or a two-family residence and*
12 *which is approved for mortgage insurance under sections*
13 *203, 220, or 221 of this Act prior to the beginning of con-*
14 *struction, the seller or builder or such other person as may*
15 *be designated by the Commissioner shall agree to deliver,*
16 *prior to the sale of the property, to the person purchasing*
17 *for his own occupancy any such dwelling which has not*
18 *previously been occupied, a written statement setting forth*
19 *the amount of the appraised value of the property as deter-*
20 *mined by the Commissioner.*

21 *"BUILDER'S COST CERTIFICATION*

22 *"SEC. 227. Notwithstanding any other provisions of this*
23 *Act, no mortgage covering new or rehabilitated multifamily*
24 *housing shall be insured under this Act unless the mortgagor*
25 *has agreed (a) to certify, upon completion of the physical*

1 improvements on the mortgaged property or project and prior
 2 to final endorsement of the mortgage, either (i) that the ap-
 3 proved percentage of actual cost (as those terms are herein
 4 defined) equaled or exceeded the proceeds of the mortgage
 5 loan or (ii) the amount by which the proceeds of the mortgage
 6 loan exceeded such approved percentage of actual cost, as the
 7 case may be, and (b) to pay forthwith to the mortgagee, for
 8 application to the reduction of the principal obligation of such
 9 mortgage, the amount, if any, certified to be in excess of such
 10 approved percentage of actual cost. As used in this section—

11 “(a) The term ‘new or rehabilitated multifamily hous-
 12 ing’ means a project or property approved for mortgage
 13 insurance prior to the construction or the repair and rehabili-
 14 tation involved and covered by a mortgage insured or to be
 15 insured (i) under section 207, (ii) under section 213 with
 16 respect to any property or project of a corporation or trust
 17 of the character described in paragraph numbered (1) of
 18 subsection (a) thereof, (iii) under section 220 if the mort-
 19 gage meets the requirements of paragraph (3) (B) of sub-
 20 section (d) thereof, (iv) under section 221 (v) under
 21 section 803, or (vi) under sections 903 and 908;

22 “(b) The term ‘approved percentage’ means the per-
 23 centage figure which, under applicable provisions of this Act,
 24 the Commissioner is authorized to apply to his estimate of
 25 value or replacement cost, as the case may be, of the property

1 or project in determining the maximum insurable mortgage
2 amount; and

3 “(c) The term ‘actual cost’ has the following meaning:

4 (i) in case the mortgage is to assist the financing of
5 new construction, the term means the actual cost to
6 the mortgagor of such construction, including amounts
7 paid for labor, materials, construction contracts, off-site
8 public utilities, streets, organizational and legal expenses,
9 and other items of expense approved by the Com-
10 missioner, including a reasonable allowance for builder’s
11 profit if the mortgagor is also the builder as defined by the
12 Commissioner, plus an amount equal to the Commissioner’s
13 estimate of the fair market value of any land (prior to the
14 construction of the improvements built as a part of the project)
15 in the property or project owned by the mortgagor in fee (or,
16 in case the land in the property or project is held by the mort-
17 gagor under a leasehold or other interest less than a fee, such
18 amount as the mortgagor paid for the acquisition of such
19 leasehold or other interest but, in no event, in excess of the
20 fair market value of such leasehold or other interest exclusive
21 of the proposed improvements), but excluding the amount of
22 any kickbacks, rebates, or trade discounts received in connec-
23 tion with the construction of the improvements, or (ii) in case
24 the mortgage is to assist the financing of repair or rehabilita-
25 tion, the term means the actual cost to the mortgagor of such

1 repair or rehabilitation, including the items of expense other
2 than land referred to in (i), plus an additional amount equal
3 to the purchase price of the land and improvements prior to
4 such repair or rehabilitation if the purchase of such land and
5 improvements is to be financed with the proceeds of the mort-
6 gage, except that such additional amount shall in no event
7 exceed the Commissioner's estimate of the fair market value of
8 such land and improvements prior to such repair or rehabili-
9 tation: Provided, That the amount of the approved percent-
10 age of actual cost, as used in this section, shall include the
11 amount of any outstanding indebtedness secured by the land
12 and improvements to be refinanced with the proceeds of the
13 mortgage but in no event in excess of the approved per-
14 centage of the Commissioner's estimate of the fair market value
15 of such land and improvements prior to such repair and
16 rehabilitation.

17 “SEC. 228. Notwithstanding any other provisions of law,
18 the Commissioner may establish in the Federal Housing Ad-
19 ministration not to exceed eighteen positions the compensa-
20 tion for which shall be at the rate now or hereafter fixed
21 by law for grade GS-16 of the general schedule established
22 by the Classification Act of 1949, as amended (which posi-
23 tions shall be in lieu of any positions at grade GS-16 of
24 said general schedule previously allocated in the Federal

1 *Housing Administration under section 505 of said Clasifi-*
 2 *cation Act), and appointments to such positions may be made*
 3 *by the Commissioner without regard to the provisions of the*
 4 *civil service laws and said Classification Act of 1949, as*
 5 *amended."*

6 *ADDITIONAL AMENDMENTS RELATING TO FEDERAL*
 7 *HOUSING ADMINISTRATION*

8 *SEC. 127. Title VI of said Act, as amended, is hereby*
 9 *amended by adding the following new section at the end*
 10 *thereof:*

11 *"SEC. 612. Notwithstanding any other provision of this*
 12 *title, no mortgage or loan shall be insured under any section*
 13 *of this title after the effective date of the Housing Act of*
 14 *1954 except pursuant to a commitment to insure issued on*
 15 *or before such date."*

16 *SEC. 128. (a) Section 803 (a) of said Act, as amended,*
 17 *is amended by striking out "July 1, 1954" and substituting*
 18 *therefor "June 30, 1955".*

19 *(b) Section 903 (a) of said Act, as amended, is hereby*
 20 *amended by adding the following before the last proviso*
 21 *thereof: "Provided further, That the Commissioner shall re-*
 22 *quire each dwelling covered by a mortgage insured under this*
 23 *section, for which a commitment to insure is issued after the*

1 effective date of the Housing Act of 1954, to be held for
2 rental for a period of not less than four years after the dwell-
3 ing is made available for initial occupancy:'".

4 SEC. 129. Section 104 of the Defense Housing and
5 Community Facilities and Services Act of 1951, as amended,
6 is hereby amended as follows: (1) by striking out the
7 material within the parentheses in clause (a) and substituting
8 therefor "except (i) pursuant to a commitment to insure
9 issued on or before such date or (ii) during such period,
10 or for such project or projects, after said date as the Presi-
11 dent may designate hereunder", and (2) by adding after
12 the last comma in clause (b) "except during such period, or
13 for such project or projects, as the President may designate
14 hereunder: Provided, That, to the extent necessary to assure
15 the adequate completion of any facilities for which prior agree-
16 ments have been made under title III, the Housing and Home
17 Finance Administrator may, at any time after June 30, 1954,
18 enter into amendatory agreements under such title involving
19 the expenditure of additional Federal funds within the balance
20 available therefor on or before such date'".

21 SEC. 130. The paragraph following paragraph num-
22 bered (3) of section 803 (b) of the National Housing Act,
23 as amended, and paragraph numbered (3) of section 908
24 (b) of said Act, as amended, are hereby amended to read

1 as follows: "The mortgagor shall enter into the agreement
2 required by section 227 of this Act, as amended."

3 SEC. 131. The eighth paragraph of section 709 of title 18
4 of the United States Code is hereby amended to read as
5 follows:

6 "Whoever uses as a firm or business name the words
7 'Federal Housing', 'National Housing', or 'Public
8 Housing Administration' or the letters 'FHA' or any
9 combination or variation of those words or the letters
10 'FHA' alone or with other words or letters reasonably
11 calculated to convey the false impression that such name
12 or business has some connection with, or authorization
13 from, the Federal Housing Administration, the Public
14 Housing Administration, the Government of the United
15 States or any agency thereof, which does not in fact
16 exist, or falsely claims that any repair, improvement, or
17 alteration of any existing structure is required or recom-
18 mended by the Federal Housing Administration, the
19 Government of the United States or any agency thereof
20 for the purpose of inducing any person to enter into a
21 contract for the making of such repairs, alterations, or
22 improvements, or falsely advertises or represents by any
23 device whatsoever that any project, business, or product
24 has been in any way endorsed, authorized, or approved

1 by the Federal Housing Administration, the Public
2 Housing Administration, the Government of the United
3 States or any agency thereof; or”.

4 SEC. 132. Title V of the National Housing Act, as
5 amended, is hereby amended by adding the following new
6 sections after section 511:

7 “SEC. 512. Notwithstanding any other provisions of law,
8 the Commissioner is authorized to refuse the benefits of
9 participation (either directly as an insured lender or as a
10 borrower, or indirectly as a builder, contractor, or dealer, or
11 salesman or sales agent for a builder, contractor or dealer)
12 under titles I, II, or VIII of this Act to any person or
13 firm (including but not limited to any individual, part-
14 nership, association, trust, or corporation) if the Commis-
15 sioner has determined that such person or firm (1) has know-
16 ingly or willfully violated any provision of this Act or of
17 title III of the Servicemen’s Readjustment Act of 1944, as
18 amended, or of any regulation issued by the Commissioner
19 under this Act or by the Administrator of Veterans’ Affairs
20 under said title III, or (2) has, in connection with any con-
21 struction, alteration, repair or improvement work financed
22 with assistance under this Act or under said title III, or
23 in connection with contracts or financing relating to such
24 work, violated any Federal or State penal statute, or (3)

1 has failed materially, whether intentionally or through ina-
2 bility, to properly carry out contractual obligations with re-
3 spect to the completion of construction, alteration, repair, or
4 improvement work financed with assistance under this Act
5 or under title III of the Servicemen's Readjustment Act of
6 1944, as amended. Before any such determination is made
7 any person or firm with respect to whom such a determina-
8 tion is proposed shall be notified in writing by the Commis-
9 sioner and shall be entitled, upon making a written request
10 to the Commissioner, to a written notice specifying charges
11 in reasonable detail and an opportunity to be heard and
12 to be represented by counsel. Determinations made by the
13 Commissioner under this section shall be based on the pre-
14 ponderance of the evidence.

15 "SEC. 513. (a) The Congress hereby declares that it
16 has been its intent since the enactment of the National Housing
17 Act that housing built with the aid of mortgages insured under
18 that Act is to be used principally for residential use; and
19 that this intent excludes the use of such housing for transient
20 or hotel purposes while insurance on the mortgage remains
21 outstanding.

22 "(b) Notwithstanding any other provisions of this Act,
23 no new, existing, or rehabilitated multifamily housing with
24 respect to which a mortgage is insured under this Act shall be

1 *rented for a period less than thirty days or operated in such*
2 *a manner as to offer any hotel services while so insured.*

3 “(c) *After the effective date of the Housing Act of 1954,*
4 *no mortgage with respect to multifamily housing shall be in-*
5 *sured under the National Housing Act, as amended, unless*
6 *the mortgagor certifies under oath that while such insurance*
7 *remains outstanding no rental of any portion of any building*
8 *subject to such mortgage will be permitted for a period of less*
9 *than thirty days and no hotel services will be offered to or*
10 *provided for any tenant in such building.*

11 “(d) *The Commissioner is hereby authorized and di-*
12 *rected to enforce the provisions of this section by all appro-*
13 *priate means at his disposal, as to all existing multifamily*
14 *housing with respect to which a mortgage was insured under*
15 *this Act prior to the effective date of the Housing Act of 1954*
16 *as well as to all multifamily housing with respect to which*
17 *a mortgage is hereafter insured under this Act: Provided,*
18 *however, That no criminal penalty shall, by reason of enact-*
19 *ment of this section, be applicable to the rental or operation*
20 *of any such existing multifamily housing in violation of*
21 *any provision of subsection (b) of this section at any time*
22 *prior to the effective date of the Housing Act of 1954.*

23 “SEC. 514. (a) *Within fifteen days after receipt of*
24 *written notice that any portion of any building is being*

1 *rented or operated in violation of any provision of section*
2 *513 or in violation of any other provision of this Act or any*
3 *rule or regulation lawfully issued thereunder, the Commis-*
4 *sioner shall investigate the existence of the facts alleged in*
5 *the written notice and shall order such violation, if found to*
6 *exist, to cease forthwith.*

7 “(b) *If such violation does not cease within such period,*
8 *the Commissioner shall within fifteen days forward the com-*
9 *plaint to the Attorney General of the United States for prose-*
10 *cution of any criminal action involved in such violation.*

11 “(c) *Within the fifteen-day period referred to in sub-*
12 *section (b) of this section, the Commissioner shall petition*
13 *the district court of the United States or the district court*
14 *of any Territory or other place subject to United States*
15 *jurisdiction within whose jurisdictional limits the person*
16 *doing or committing the acts or practices constituting the*
17 *alleged violation shall be found, for an order enjoining such*
18 *acts or practices constituting such violation and upon a show-*
19 *ing by the Commissioner that such acts or practices constitut-*
20 *ing such violation have been engaged in or are about to be*
21 *engaged in, a permanent or temporary injunction, restraining*
22 *order, or other order, with or without such injunction or*
23 *restraining order, shall be granted without bond.*

24 “(d) *If the Commissioner fails to file such petition*

1 *within the allotted fifteen-day period, any person may within*
2 *thirty days following the expiration of the fifteen-day period*
3 *at his sole cost or charge file such petition in the name of*
4 *the United States and conduct such litigation to its conclu-*
5 *sion on behalf of the United States in the same manner as*
6 *if he were the Commissioner.*

7 “(e) *The several district courts of the United States*
8 *and the several district courts of the Territories of the United*
9 *States or other place subject to United States jurisdiction,*
10 *within whose jurisdictional limits the person doing or com-*
11 *mitting the acts or practices constituting the alleged violation*
12 *shall be found, shall, wheresover such acts or practices*
13 *may have been done or committed, have full power and*
14 *jurisdiction to hear, try, and determine such matter.”*

15 *SEC. 133. The Director of the Bureau of the Budget*
16 *is hereby authorized and directed to report to the Committees*
17 *on Banking and Currency of the Senate and House of*
18 *Representatives not later than February 1, 1955 on the*
19 *feasibility of merging or consolidating the home loan and*
20 *guaranty functions of the Administrator of Veterans' Af-*
21 *fairs and the mortgage insurance functions of the Federal*
22 *Housing Administration, together with any proposed legisla-*
23 *tion which the Director may deem necessary or desirable to*
24 *carry out his recommendations.*

*TITLE II—FEDERAL NATIONAL MORTGAGE
ASSOCIATION*

SEC. 201. No expiration or termination of authority of the Reconstruction Finance Corporation, or the expiration of the succession of such Corporation, shall affect any authority or function transferred under Reorganization Plan Numbered 22 of 1950 (64 Stat. 1277), and all functions and authority transferred under said plan shall remain in full force and effect.

SEC. 202. The first sentence of paragraph (1) (G) of section 301 (a) of the National Housing Act, as amended, is hereby amended—

(1) by striking “1954” and inserting “1954 (or 1955 in case of a commitment under title VIII of this Act)”; and

(2) by inserting before the period at the end of said sentence: ‘or (iii) commitments made by the Association, not exceeding in the aggregate \$15,000,000 in original principal amounts, which relate to mortgages covering projects or properties located in Guam’.

SEC. 203. The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan Numbered 22 of 1950, together with

1 *the notes and capital stock of the Federal National Mort-*
2 *gage Association held by said Administrator thereunder,*
3 *are hereby transferred to the Federal National Mortgage*
4 *Association.*

5 *TITLE III—SLUM CLEARANCE AND URBAN*
6 *RENEWAL*

7 *SEC. 301. The heading of title I of the Housing Act*
8 *of 1949, as amended, is hereby amended to read “TITLE I—*
9 *SLUM CLEARANCE AND URBAN RENEWAL”.*

10 *SEC. 302. Title I of said Act, as amended, is hereby*
11 *amended by inserting the following new section immediately*
12 *after the heading of title I:*

13 *“URBAN RENEWAL FUND*

14 *“SEC. 100. The authorizations, funds, and appropria-*
15 *tions available pursuant to sections 103 and 104 hereof shall*
16 *constitute a fund, to be known as the ‘Urban Renewal Fund,’*
17 *and shall be available for advances, loans, and capital grants*
18 *to local public agencies for urban renewal projects in ac-*
19 *cordance with the provisions of this title, and all contracts,*
20 *obligations, assets, and liabilities existing under or pursuant*
21 *to said sections prior to the enactment of the Housing Act*
22 *of 1954 are hereby transferred to said Fund.”*

23 *SEC. 303. Section 101 of said Act, as amended, is*
24 *hereby amended to read as follows:*

25 *“SEC. 101. (a) In entering into any contract for ad-*

1 vances for surveys, plans, and other preliminary work for
2 projects under this title, the Administrator shall give con-
3 sideration to the extent to which appropriate local public
4 bodies have undertaken positive programs (through the adop-
5 tion, modernization, administration, and enforcement of hous-
6 ing, zoning, building and other local laws, codes and regula-
7 tions relating to land use and adequate standards of health,
8 sanitation, and safety for buildings, including the use and
9 occupancy of dwellings) for (1) preventing the spread or
10 recurrence in the community of slums and blighted areas,
11 and (2) encouraging housing cost reductions through the
12 use of appropriate new materials, techniques, and methods in
13 land and residential planning, design, and construction, the
14 increase of efficiency in residential construction, and the
15 elimination of restrictive practices which unnecessarily in-
16 crease housing costs.

17 “(b) In the administration of this title, the Adminis-
18 trator shall encourage the operations of such local public
19 agencies as are established on a State, or regional (within a
20 State), or unified metropolitan basis or as are established on
21 such other basis as permits such agencies to contribute effec-
22 tively toward the solution of community development or
23 redevelopment problems on a State, or regional (within a
24 State), or unified metropolitan basis.

25 “(c) No contract shall be entered into for any loan or

1 capital grant under this title, or for annual contributions or
2 capital grants pursuant to the United States Housing Act of
3 1937, as amended, for any project or projects not constructed
4 or covered by a contract for annual contributions prior to the
5 effective date of the Housing Act of 1954, and no mortgage
6 shall be insured, and no commitment to insure a mortgage
7 shall be issued, under section 220 or 221 of the National
8 Housing Act, as amended, unless (1) there is presented to
9 the Administrator by the locality a workable program (which
10 shall include an official plan of action, as it exists from time
11 to time, for effectively dealing with the problem of urban
12 slums and blight within the community and for the establish-
13 ment and preservation of a well-planned community with
14 well-organized residential neighborhoods of decent homes and
15 suitable living environment for adequate family life) for
16 utilizing appropriate private and public resources to eliminate,
17 and prevent the development or spread of, slums and urban
18 blight, to encourage needed urban rehabilitation, to provide
19 for the redevelopment of blighted, deteriorated, or slum areas,
20 or to undertake such of the aforesaid activities or other
21 feasible community activities as may be suitably employed
22 to achieve the objectives of such a program, and (2) on the
23 basis of his review of such program, the Administrator de-

1 *termines that such program meets the requirements of this*
2 *subsection and certifies to the constituent agencies affected*
3 *that the Federal assistance may be made available in such*
4 *community: Provided, That this sentence shall not apply to*
5 *the insurance of, or commitment to insure, a mortgage under*
6 *section 220 of the National Housing Act, as amended, if the*
7 *mortgaged property is in an area referred to in clause (A)*
8 *(i) of paragraph (1) of section 220 (d), or under section*
9 *221 of the National Housing Act, as amended, if the mort-*
10 *gaged property is in a community referred to in clause (2)*
11 *of section 221 (a) of said Act: And provided further, That,*
12 *notwithstanding any other provisions of law which would*
13 *authorize such delegation or transfer, there shall not be dele-*
14 *gated or transferred to any other official (except an officer or*
15 *employee of the Housing and Home Finance Agency serving*
16 *as Acting Administrator during the absence or disability of*
17 *the Administrator or in the event of a vacancy in that office)*
18 *the final authority vested in the Administrator (i) to deter-*
19 *mine whether any such workable program meets the require-*
20 *ments of this subsection, (ii) to make the certification that*
21 *Federal assistance of the types enumerated in this subsection*
22 *may be made available in such community, (iii) to make the*
23 *certifications as to the maximum number of dwelling units*
24 *needed for the relocation of families to be displaced as a re-*

1 sult of governmental action in a community and who would
2 be eligible to rent or purchase dwelling accommodations in
3 properties covered by mortgage insurance under section 221
4 of the National Housing Act, as amended, or (iv) to deter-
5 mine that the relocation requirements of section 105 (c) of
6 this title have been met.”

7 “(d) The Administrator is authorized to establish facil-
8 ities (1) for furnishing to communities, at their request, an
9 urban renewal service to assist them in the preparation of a
10 workable program as referred to in the preceding subsection
11 and to provide them with technical and professional assist-
12 ance for planning and developing local urban renewal pro-
13 grams, and (2) for the assembly, analysis and reporting of
14 information pertaining to such programs.”

15 SEC. 304. Section 102 of said Act, as amended, is
16 hereby amended—

17 (1) by amending the first sentence in subsection
18 (a) to read as follows: “To assist local communities in
19 the elimination of slums and blighted or deteriorated or
20 deteriorating areas, in preventing the spread of slums,
21 blight or deterioration, and in providing maximum
22 opportunity for the redevelopment, rehabilitation, and
23 conservation of such areas by private enterprise, the Ad-
24 ministrator may make temporary and definitive loans to

1 *local public agencies in accordance with the provisions*
2 *of this title for the undertaking of urban renewal*
3 *projects.”;*

4 *(2) by inserting in the second sentence of subsec-*
5 *tion (a) before the word “expenditures” the word “esti-*
6 *mated” and by inserting after the word “bonds” the*
7 *words “or other obligations”;*

8 *(3) by striking out “new uses of land in the project*
9 *area” at the end of the first sentence of subsection (b)*
10 *and inserting “new uses of such land in the project*
11 *area”;*

12 *(4) by striking out the words “bear interest as*
13 *such rate” in the second sentence of subsection (b) and*
14 *inserting “bear interest at such rate”; and*

15 *(5) by amending subsection (d) to read as follows:*
16 *“(d) The Administrator may make advances of*
17 *funds to local public agencies for surveys and plans for*
18 *urban renewal projects which may be assisted under this*
19 *title, including, but not limited to, (i) plans for carrying*
20 *out a program of voluntary repair and rehabilitation of*
21 *buildings and improvements, (ii) plans for the enforce-*
22 *ment of State and local laws, codes, and regulations re-*
23 *lating to the use of land and the use and occupancy of*
24 *buildings and improvements, and to the compulsory*

1 *repair, rehabilitation, demolition, or removal of buildings*
2 *and improvements, and (iii) appraisals, title searches,*
3 *and other preliminary work necessary to prepare for the*
4 *acquisition of land in connection with the undertaking of*
5 *such projects. The contract for any such advance of*
6 *funds shall be made upon the condition that such advance*
7 *of funds shall be repaid, with interest at not less than the*
8 *applicable going Federal rate, out of any moneys which*
9 *become available to the local public agency for the*
10 *undertaking of the project involved. No contract for*
11 *any such advances of funds for surveys and plans for*
12 *urban renewal projects which may be assisted under this*
13 *title shall be made unless the governing body of the locality*
14 *involved has by resolution or ordinance approved the*
15 *undertaking of such surveys and plans and the sub-*
16 *mission by the local public agency of an application for*
17 *such advance of funds.”*

18 *SEC. 305. Subsection (a) of section 103 of said Act, as*
19 *amended, is hereby amended to read as follows:*

20 *“(a) The Administrator may make capital grants to*
21 *local public agencies in accordance with the provisions of*
22 *this title for urban renewal projects: Provided, That the*
23 *Administrator shall not make any contract for capital grant*
24 *with respect to a project which consists of open land. The*

1 aggregate of such capital grants with respect to all the
 2 projects of a local public agency on which contracts for cap-
 3 ital grants have been made under this title shall not exceed
 4 two-thirds of the aggregate of the net project costs of such
 5 projects, and the capital grant with respect to any individual
 6 project shall not exceed the difference between the net
 7 project cost and the local grants-in-aid actually made with
 8 respect to the project."

9 SEC. 306. Section 104 of said Act, as amended, is
 10 hereby amended by striking "section 110 (f) of land" and
 11 inserting "section 110 (f) of the property".

12 SEC. 307. Section 105 of said Act, as amended, is
 13 hereby amended—

14 (1) by striking "Contracts for financial aid" and
 15 inserting "Contracts for loans or capital grants";

16 (2) by amending subsections (a) and (b) to read as
 17 follows:

18 "(a) The urban renewal plan (including any re-
 19 development plan constituting a part thereof) for the
 20 urban renewal area be approved by the governing body
 21 of the locality in which the project is situated, and that
 22 such approval include findings by the governing body
 23 that (i) the financial aid to be provided in the contract

1 *is necessary to enable the project to be undertaken in*
2 *accordance with the urban renewal plan; (ii) the urban*
3 *renewal plan will afford maximum opportunity, con-*
4 *sistent with the sound needs of the locality as a whole,*
5 *for the rehabilitation or redevelopment of the urban*
6 *renewal area by private enterprise; and (iii) the urban*
7 *renewal plan conforms to a general plan for the develop-*
8 *ment of the locality as a whole;*

9 *“(b) When real property acquired or held by the*
10 *local public agency in connection with the project is sold*
11 *or leased, the purchasers or lessees and their assignees*
12 *shall be obligated (i) to devote such property to the uses*
13 *specified in the urban renewal plan for the project area;*
14 *(ii) to begin within a reasonable time any improve-*
15 *ments on such property required by the urban renewal*
16 *plan; and (iii) to comply with such other conditions as*
17 *the Administrator finds, prior to the execution of the*
18 *contract for loan or capital grant pursuant to this title,*
19 *are necessary to carry out the purposes of this title:*
20 *Provided, That clause (ii) of this subsection shall not*
21 *apply to mortgagees and others who acquire an interest*
22 *in such property as the result of the enforcement of any*
23 *lien or claim thereon;”;*

24 *(3) by striking the word “project” wherever it*

1 appears in subsection (c) and inserting the term "urban
2 renewal"; and

3 (4) by striking out the proviso at the end of sub-
4 section (c), and substituting a period for the colon pre-
5 ceding said proviso.

6 SEC. 308. Section 106 of said Act, as amended, is
7 hereby amended by inserting the following proviso before
8 the period at the end of subsection (b): ": Provided, That
9 necessary expenses of inspections and audits, and of provid-
10 ing representatives at the site, of projects being planned or
11 undertaken by local public agencies pursuant to this title
12 shall be compensated by such agencies by the payment of
13 fixed fees which in the aggregate will cover the costs of
14 rendering such services, and such expenses shall be considered
15 nonadministrative; and for the purpose of providing such in-
16 spections and audits and of providing representatives at the
17 sites, the Administrator may utilize any agency and such
18 agency may accept reimbursement or payment for such
19 services from such local public agencies or the Administrator,
20 and credit such amounts to the appropriations or funds
21 against which such charges have been made".

22 SEC. 309. Section 107 of said Act, as amended, is
23 hereby amended by striking out the words "redevelopment
24 plan" and inserting "urban renewal plan".

1 *SEC. 310. Section 109 of said Act, as amended, is hereby*
2 *amended to read as follows:*

3 *“SEC. 109. In order to protect labor standards—*

4 *“(a) any contract for loan or capital grant pur-*
5 *suant to this title shall contain a provision requiring that*
6 *not less than the salaries prevailing in the locality, as*
7 *determined or adopted (subsequent to a determination*
8 *under applicable State or local law) by the Administra-*
9 *tor, shall be paid to all architects, technical engineers,*
10 *draftsmen, and technicians employed in the development*
11 *of the project involved and shall also contain a provision*
12 *that not less than the wages prevailing in the locality,*
13 *as predetermined by the Secretary of Labor pursuant*
14 *to the Davis-Bacon Act (49 Stat. 1011), shall be paid*
15 *to all laborers and mechanics, except such laborers or*
16 *mechanics who are employees of municipalities or other*
17 *local public bodies, employed in the development of the*
18 *project involved for work financed in whole or in part*
19 *with funds made available pursuant to this title; and*
20 *the Administrator shall require certification as to com-*
21 *pliance with the provisions of this paragraph prior to*
22 *making any payment under such contract; and*

23 *“(b) the provisions of title 18, United States Code,*
24 *section 874, and of title 40, United States Code, section*

1 276c, shall apply to work financed in whole or in part
2 with funds made available for the development of a
3 project pursuant to this title.”.

4 “SEC. 311. Section 110 of said Act, as amended, is
5 hereby amended to read as follows:

6 “SEC. 110. The following terms shall have the mean-
7 ings, respectively, ascribed to them below, and, unless the
8 context clearly indicates otherwise, shall include the plural
9 as well as the singular number:

10 “(a) ‘Urban renewal area’ means a slum area or a
11 blighted, deteriorated, or deteriorating area in the locality
12 involved which the Administrator approves as appropriate
13 for an urban renewal project.

14 “(b) ‘Urban renewal plan’ means a plan, as it exists
15 from time to time, for an urban renewal project, which plan
16 (1) shall conform to the general plan of the locality as a
17 whole and to the workable program referred to in section 101
18 hereof; (2) shall be sufficiently complete to indicate such
19 land acquisition, demolition and removal of structures, re-
20 development, improvements, and rehabilitation as may be
21 proposed to be carried out in the urban renewal area, zoning
22 and planning changes, if any, land uses, maximum densities,
23 building requirements, and the plan’s relationship to definite
24 local objectives respecting appropriate land uses, improved

1 *traffic, public transportation, public utilities, recreational and*
2 *community facilities, and other public improvements; and*
3 *(3) shall include, for any part of the urban renewal area*
4 *proposed to be acquired and redeveloped in accordance with*
5 *clause (1) of the second sentence of subsection (c) of this*
6 *section, a redevelopment plan approved by the governing*
7 *body of the locality.*

8 “(c) ‘Urban renewal project’ or ‘project’ may include
9 *undertakings and activities of a local public agency in an*
10 *urban renewal area for the elimination and for the preven-*
11 *tion of the development or spread of slums and blight, and*
12 *may involve slum clearance and redevelopment in an urban*
13 *renewal area, or rehabilitation or conservation in an urban*
14 *renewal area, or any combination or part thereof, in accord-*
15 *ance with such urban renewal plan. For the purposes of this*
16 *subsection, ‘slum clearance and redevelopment’ may include*
17 *(1) acquisition of (i) a slum area or a deteriorated or*
18 *deteriorating area, or (ii) land which is either open or pre-*
19 *dominantly open and which because of obsolete platting,*
20 *diversity of ownership, deterioration of structures or of site*
21 *improvements, or otherwise, substantially impairs or arrests*
22 *the sound growth of the community, or (iii) open land neces-*
23 *sary for sound community growth which is to be developed*
24 *for predominantly residential uses: Provided, That the re-*

1 quirement in paragraph (a) of this section that the area
2 be a slum area or a blighted, deteriorated, or deteriorating
3 area shall not be applicable in the case of an open land
4 project: And provided further, That financial assistance
5 shall not be extended under this title for any project involving
6 slum clearance and redevelopment of an area which is not
7 clearly predominantly residential in character unless such
8 area is to be redeveloped for predominantly residential uses,
9 except that, where such an area which is not predominantly
10 residential in character contains a substantial number of
11 slum, blighted, deteriorated, or deteriorating dwellings or
12 other living accommodations, the elimination of which would
13 tend to promote the public health, safety and welfare in the
14 locality involved and such area is not appropriate for re-
15 development for predominantly residential uses, the Admin-
16 istrator may extend financial assistance for such a project,
17 but the aggregate of the capital grants made pursuant to this
18 title with respect to such projects shall not exceed 10 per
19 centum of the total amount of capital grants authorized by
20 this title; (2) demolition and removal of buildings and im-
21 provements; (3) installation, construction, or reconstruction
22 of streets, utilities, parks, playgrounds, and other improve-
23 ments necessary for carrying out in the area the urban re-
24 newal objectives of this title in accordance with the urban re-

1 newal plan; and (4) making the land available for develop-
2 ment or redevelopment by private enterprise or public agen-
3 cies (including sale, initial leasing, or retention by the local
4 public agency itself) at its fair value for uses in accordance
5 with the urban renewal plan. For the purposes of this sub-
6 section, 'rehabilitation' or 'conservation' may include the
7 restoration and renewal of a blighted, deteriorated, or de-
8 teriorating area by (1) carrying out plans for a program of
9 voluntary repair and rehabilitation of buildings or other im-
10 provements in accordance with the urban renewal plan;
11 (2) acquisition of real property and demolition or removal
12 of buildings and improvements thereon where necessary to
13 eliminate unhealthful, insanitary or unsafe conditions, lessen
14 density, eliminate obsolete or other uses detrimental to the
15 public welfare, or to otherwise remove or prevent the spread
16 of blight or deterioration, or to provide land for needed
17 public facilities; (3) installation, construction, or reconstruc-
18 tion, of such improvements as are described in clause (3)
19 of the preceding sentence; and (4) the disposition of any
20 property acquired in such urban renewal area (including
21 sale, initial leasing, or retention by the local public agency
22 itself) at its fair value for uses in accordance with the urban
23 renewal plan.

24 "For the purposes of this title, the term 'project' shall

1 not include the construction or improvement of any building,
2 and the term 'redevelopment' and derivatives thereof shall
3 mean development as well as redevelopment. For any of
4 the purposes of section 109 hereof, the term 'project' shall
5 not include any donations or provisions made as local grants-
6 in-aid and eligible as such pursuant to clauses (2) and (3)
7 of section 110 (d) hereof.

8 “(d) ‘Local grants-in-aid’ shall mean assistance by a
9 State, municipality, or other public body, or (in the case
10 of cash grants or donations of land or other real property)
11 any other entity, in connection with any project on which a
12 contract for capital grant has been made under this title, in
13 the form of (1) cash grants; (2) donations, at cash value,
14 of land or other real property (exclusive of land in streets,
15 alleys, and other public rights-of-way which may be vacated
16 in connection with the project) in the urban renewal area,
17 and demolition, removal, or other work or improvements in
18 the urban renewal area, at the cost thereof, of the types
19 described in clause (2) and clause (3) of either the second
20 or third sentence of section 110 (c); and (3) the provision,
21 at their cost, of public buildings or other public facilities
22 (other than publicly owned housing) which are necessary for
23 carrying out in the area the urban renewal objectives of this
24 title in accordance with the urban renewal plan: Provided,

1 *That in any case where, in the determination of the Adminis-*
2 *trator, any park, playground, public building, or other public*
3 *facility is of direct benefit both to the urban renewal area and*
4 *to other areas, and the approximate degree of the benefit to*
5 *such other areas is estimated by the Administrator at 20 per*
6 *centum or more of the total benefits, the Administrator*
7 *shall provide that, for the purpose of computing the*
8 *amount of the local grants-in-aid for the project, there*
9 *shall be included only such portion of the cost of such*
10 *facility as the Administrator estimates to be proportion-*
11 *ate to the approximate degree of the benefit of such facility*
12 *to the urban renewal area: And provided further, That*
13 *for the purpose of computing the amount of local grants-*
14 *in-aid under this section 110 (d), the estimated cost (as*
15 *determined by the Administrator) of parks, playgrounds,*
16 *public buildings, or other public facilities may be deemed to*
17 *be the actual cost thereof if (i) the construction or provision*
18 *thereof is not completed at the time of final disposition of land*
19 *in the project to be acquired and disposed of under the urban*
20 *renewal plan, and (ii) the Administrator has received assur-*
21 *ances satisfactory to him that such park, playground, public*
22 *building, or other public facility will be constructed or com-*
23 *pleted when needed and within a time prescribed by him.*
24 *With respect to any demolition or removal work, improve-*
25 *ment or facility for which a State, municipality, or other*

1 public body has received or has contracted to receive any
2 grant or subsidy from the United States, or any agency or
3 instrumentality thereof, the portion of the cost thereof de-
4 frayed or estimated by the Administrator to be defrayed with
5 such subsidy or grant shall not be eligible for inclusion as a
6 local grant-in-aid.

7 “(e) ‘Gross project cost’ shall comprise (1) the amount
8 of the expenditures by the local public agency with respect
9 to any and all undertakings necessary to carry out the
10 project (including the payment of carrying charges, but not
11 beyond the point where the project is completed), and (2)
12 the amount of such local grants-in-aid as are furnished in
13 forms other than cash.

14 “(f) ‘Net project cost’ shall mean the difference be-
15 tween the gross project cost and the aggregate of (1) the
16 total sales prices of all land or other property sold, and (2)
17 the total capital values (i) imputed, on a basis approved by
18 the Administrator, to all land or other property leased, and
19 (ii) used as a basis for determining the amounts to be trans-
20 ferred to the project from other funds of the local public
21 agency to compensate for any land or other property re-
22 tained by it for use in accordance with the urban renewal
23 plan.

24 “(g) ‘Going Federal rate’ means (with respect to any
25 contract for a loan or advance entered into after the first

1 annual rate has been specified as provided in this sentence)
2 the annual rate of interest which the Secretary of the Treas-
3 ury shall specify as applicable to the six-month period (be-
4 ginning with the six-month period ending December 31,
5 1953) during which the contract for loan or advance is made,
6 which applicable rate for each six-month period shall be
7 determined by the Secretary of the Treasury by estimating
8 the average yield to maturity, on the basis of daily closing
9 market bid quotations or prices during the month of May
10 or the month of November, as the case may be, next preced-
11 ing such six-month period, on all outstanding marketable
12 obligations of the United States having a maturity date of
13 fifteen or more years from the first day of such month of May
14 or November, and by adjusting such estimated average an-
15 nual yield to the nearest one-eighth of 1 per centum. Any
16 contract for loan made may be revised or superseded by a
17 later contract, so that the going Federal rate, on the basis
18 of which the interest rate on the loan is fixed, shall mean the
19 going Federal rate, as herein defined, on the date that such
20 contract is revised or superseded by such later contract.

21 “(h) ‘Local public agency’ means any State, county,
22 municipality, or other governmental entity or public body,
23 or two or more such entities or bodies, authorized to under-
24 take the project for which assistance is sought. ‘State’ in-
25 cludes the several States, the District of Columbia, the Com-

1 *monwealth of Puerto Rico, and the Territories and posses-*
2 *sions of the United States.*

3 “(i) ‘Land’ means any real property, including im-
4 *proved or unimproved land, structures, improvements, ease-*
5 *ments, incorporeal hereditaments, estates, and other rights in*
6 *land, legal or equitable.*

7 “(j) ‘Administrator’ means the Housing and Home
8 *Finance Administrator.”*

9 *SEC. 312. Notwithstanding the amendments of this title*
10 *to title I of the Housing Act of 1949, as amended, the*
11 *Administrator, with respect to any project covered by any*
12 *Federal aid contract executed, or prior approval granted, by*
13 *him under said title I before the effective date of this Act,*
14 *upon request of the local public agency, shall continue to*
15 *extend financial assistance for the completion of such project*
16 *in accordance with the provisions of said title I in force*
17 *immediately prior to the effective date of this Act.*

18 *SEC. 313. The provisos with respect to the appropria-*
19 *tion for capital grants for slum clearance and urban re-*
20 *development contained in title I of the First Independent*
21 *Offices Appropriation Act, 1954 (Public Law 176, Eighty-*
22 *third Congress) are hereby repealed.*

23 *SEC. 314. The Housing and Home Finance Adminis-*
24 *trator is authorized to make grants, subject to such terms and*
25 *conditions as he shall prescribe, to public bodies, including*

1 cities and other political subdivisions, to assist them in de-
2 veloping, testing, and reporting methods and techniques, and
3 carrying out demonstrations and other activities for the pre-
4 vention and the elimination of slums and urban blight. No
5 such grant shall exceed two-thirds of the cost, as determined
6 or estimated by said Administrator, of such activities or
7 undertakings. In administering this section, said Adminis-
8 trator shall give preference to those undertakings which in
9 his judgment can reasonably be expected to (1) contribute
10 most significantly to the improvement of methods and tech-
11 niques for the elimination and prevention of slums and blight,
12 and (2) best serve to guide renewal programs in other com-
13 munities. Said Administrator may make advance or prog-
14 ress payments on account of any grant contracted to be made
15 pursuant to this section, notwithstanding the provisions of
16 section 3648 of the Revised Statutes, as amended. The
17 aggregate amount of grants made under this section shall not
18 exceed \$5,000,000 and shall be payable from the capital
19 grant funds provided under and authorized by section 103
20 (b) of the Housing Act of 1949, as amended.

21 SEC. 315. Section 19 of the District of Columbia Rede-
22 velopment Act of 1945, as amended, is hereby amended by
23 striking “\$2,000” in subsection (a) and subsection (b) and
24 inserting in each instance “\$2,500 unless insured as pro-
25 vided in title I of the National Housing Act, as amended”.

1 *SEC. 316. Section 20 of the District of Columbia Re-*
2 *development Act of 1945, as amended, is hereby amended—*

3 *(1) by striking “1949” wherever it appears in said*
4 *section and inserting “1949, as amended”: Provided,*
5 *That this clause (1) shall not limit or restrict any au-*
6 *thority under said section 20;*

7 *(2) by adding the following new subsections at the*
8 *end of said section:*

9 *“(i) In addition to its authority under any other provi-*
10 *sion of this Act, the Agency is hereby authorized to plan and*
11 *undertake urban renewal projects (as such projects are de-*
12 *fin ed in title I of the Housing Act of 1949, as amended), and*
13 *in connection therewith the Agency, the District Commis-*
14 *sioners, the National Capital Planning Commission, and the*
15 *other appropriate agencies operating within the District of*
16 *Columbia shall have all of the rights and powers which*
17 *they have with respect to a project or projects financed in*
18 *accordance with the preceding subsections of this section:*
19 *Provided, That for the purpose of this subsection the word*
20 *‘redevelopment’ wherever found in this Act (except in*
21 *section 3 (n)) shall mean ‘urban renewal’, and the references*
22 *in section 6 to the acquisition, disposition, or assembly of*
23 *real property for a project shall mean the undertaking of*
24 *an urban renewal project.*

25 *“(j) The District Commissioners are hereby authorized*

1 to prepare a workable program as prescribed by section 101
 2 (c) of the Housing Act of 1949, as amended, and are also
 3 authorized to request the necessary funds for the preparation
 4 of said workable program. The Commissioners may request
 5 the participation of the Agency in the preparation of said
 6 workable program and may include in their annual estimates
 7 of appropriations such funds as may be required by the Com-
 8 missioners or the Agency, or both, for this purpose. The
 9 District Commissioners are hereby authorized, with or without
 10 reimbursement to cooperate with the Agency in carrying out
 11 urban renewal projects and to utilize for that purpose the
 12 facilities and personnel of the District of Columbia under
 13 agreement with the Agency.”; and

14 (3) by striking out the second sentence of sub-
 15 section (h).

16 TITLE IV—LOW-RENT PUBLIC HOUSING

17 SEC. 401. The United States Housing Act of 1937, as
 18 amended, is hereby amended—

19 (1) by striking out the period at the end of the
 20 third sentence of section 10 (e) thereof and inserting a
 21 colon and the following: “And provided further, That,
 22 notwithstanding any other provisions of law except pro-
 23 visions enacted after the effective date of the Housing Act
 24 of 1954 expressly in limitation hereof, the provisions of
 25 this subsection and of section 9 hereof shall be in full

1 *force and effect, and, insofar as the provisions of any*
 2 *other Act are inconsistent with the provisions of this sub-*
 3 *section or of section 9, the provisions of this subsection*
 4 *and of section 9 shall be controlling.”;*

5 *(2) by striking the words following the first colon*
 6 *up to and including the words “such families” in sub-*
 7 *section 10 (g) and inserting the following: “First, to*
 8 *families which are to be displaced by any low-rent*
 9 *housing project or by any public slum-clearance, rede-*
 10 *velopment or urban renewal project, or through action*
 11 *of a public body or court, either through the enforcement*
 12 *of housing standards or through the demolition, closing,*
 13 *or improvement of dwelling units, or which were so dis-*
 14 *placed within three years prior to making application to*
 15 *such public housing agency for admission to any low-*
 16 *rent housing: Provided, That as among such projects*
 17 *or actions the public housing agency may from time to*
 18 *time extend a prior preference or preferences: And pro-*
 19 *vided further, That, as among families within any such*
 20 *preference group”;*

21 *(3) by striking the words “or was to be displaced*
 22 *by another low-rent housing project or by a public*
 23 *slum-clearance or redevelopment project” in clause (ii)*
 24 *of subsection 15 (8) (b) and inserting the following:*

1 *“or was to be displaced by any low-rent housing project*
2 *or by any public slum-clearance, redevelopment or urban*
3 *renewal project, or through action of a public body or*
4 *court, either through the enforcement of housing stand-*
5 *ards or through the demolition, closing, or improvement*
6 *of a dwelling unit or units”*; and

7 *(4) by striking the words “not later than five years*
8 *after March 1, 1949” in subsection 15 (8) (b) and*
9 *inserting “not later than March 1, 1959”.*

10 *SEC. 402. Subsection 10 (h) of said Act, as amended,*
11 *is hereby amended to read as follows:*

12 *“(h) Every contract made pursuant to this Act for*
13 *annual contributions for any low-rent housing project ini-*
14 *tiated after March 1, 1949, shall provide that no annual*
15 *contributed by the Authority shall be made available for*
16 *such project unless such project is exempt from all real and*
17 *personal property taxes levied or imposed by the State, city,*
18 *county, or other political subdivisions, but such contract shall*
19 *require the public housing agency to make payments in lieu*
20 *of taxes equal to 10 per centum of the annual shelter rents*
21 *charged in such project or such lesser amount as (i) is*
22 *prescribed by State law, or (ii) is agreed to by the local*
23 *governing body in its agreement for local cooperation with*
24 *the public housing agency required under subsection 15 (7)*
25 *(b) (i) of this Act, or (iii) is due to failure of a local public*

1 body or bodies other than the public housing agency to per-
2 form any obligation under such agreement: *Provided, That,*
3 *if at the time such agreement for local cooperation is entered*
4 *into it appears that such 10 per centum payments in lieu of*
5 *taxes will not result in a contribution to the project through*
6 *tax exemption by the State, city, county, or other political*
7 *subdivisions in which the project is situated of at least 20*
8 *per centum of the annual contributions to be paid by the*
9 *Authority, the amounts of such payments in lieu of taxes shall*
10 *be limited by the agreement to amounts, if any, which would*
11 *not reduce the local contribution below such 20 per centum:*
12 *Provided further, That, with respect to any such project*
13 *which is not exempt from all real and personal property taxes*
14 *levied or imposed by the State, city, county, or other political*
15 *subdivisions, such contract shall provide, in lieu of the re-*
16 *quirement for tax exemption and payments in lieu of taxes,*
17 *that no annual contributions by the Authority shall be made*
18 *available for such project unless and until the State, city,*
19 *county, or other political subdivisions in which such project is*
20 *situated shall contribute, in the form of cash or tax remission,*
21 *an amount equal to the greater of (i) the amount by which*
22 *the taxes paid with respect to the project exceeds 10 per*
23 *centum of the annual shelter rents charged in such project*
24 *or (ii) 20 per centum of the annual contributions paid by*
25 *the Authority (but not in excess of the taxes levied): And*

1 provided further, That, prior to execution of the contract for
2 annual contributions the public housing agency shall, in the
3 case of a tax-exempt project, notify the governing body of
4 the locality of its estimate of the annual amount of such pay-
5 ments in lieu of taxes and of the amount of taxes which would
6 be levied if the property were privately owned, or, in the
7 case where the project is taxed, its estimate of the annual
8 amount of the local cash contribution, and shall thereafter
9 include the actual amounts in its annual reports. Contracts
10 for annual contributions entered into prior to the effective
11 date of the Housing Act of 1954 may be amended in accord-
12 ance with the first sentence of this subsection.”

13 SEC. 403. Section 10 of said Act, as amended, is hereby
14 amended by adding the following new subsection:

15 “(i) Every contract made pursuant to this Act for
16 annual contributions for any low-rent housing project for
17 which no such contract has been entered into prior to the
18 enactment of the Housing Act of 1954 shall provide that—

19 “(1) after payment in full of all obligations of the
20 public housing agency in connection with the project for
21 which any annual contributions are pledged, and until
22 the total amount of annual contributions paid by the
23 Authority in respect to such project has been repaid pur-
24 suant to the provisions of this subsection, (a) all receipts
25 in connection with the project in excess of expenditures

1 *necessary for management, operation, maintenance, or*
2 *financing, and for reasonable reserves therefor, shall be*
3 *paid annually to the Authority and to local public bodies*
4 *which have contributed to the project in the form of tax*
5 *exemption or otherwise, in proportion to the aggregate*
6 *contribution which the Authority and such local public*
7 *bodies have made to the project, and (b) no debt in*
8 *respect to the project, except for necessary expenditures*
9 *for the project, shall be incurred by the public housing*
10 *agency;*

11 *“(2) if, at any time, the project or any part thereof*
12 *is sold, such sale shall be to the highest responsible bid-*
13 *der after advertising, or at fair market value, and the*
14 *proceeds of such sale together with any reserves, after*
15 *application to any outstanding debt of the public housing*
16 *agency in respect to such project, shall be paid to the*
17 *Authority and local public bodies as provided in clause*
18 *1 (a) of this subsection: Provided, That the amounts to*
19 *be paid to the Authority and the local public bodies*
20 *shall not exceed their respective total contribution to the*
21 *project.”*

22 *SEC. 404. Paragraph (6) of section 16 of said Act, as*
23 *amended, is hereby repealed.*

24 *SEC. 405. (a) The sixth and seventh provisos under the*
25 *heading “Public Housing Administration”, “Annual Con-*

1 *tributions' in the First Independent Offices Appropriation*
2 *Act, 1954, and the fifth and sixth provisos under the same*
3 *heading in the Independent Offices Appropriation Act, 1953,*
4 *are hereby repealed.*

5 *(b) Section 10 of the United States Housing Act of 1937,*
6 *as amended, is hereby amended by adding the following*
7 *subsections:*

8 *“(k) No part of any appropriation for the payment of*
9 *annual contributions under any contract therefor entered into*
10 *after April 17, 1940, shall be available for payment to any*
11 *public housing agency for expenditure in connection with any*
12 *low-rent housing project, unless the public housing agency*
13 *shall have adopted regulations prohibiting as a tenant of any*
14 *such project by rental or occupancy any person other than a*
15 *citizen of the United States, or a person who has made ap-*
16 *plication for citizenship, but such prohibition shall not be ap-*
17 *plicable in the case of a family of any serviceman or the family*
18 *of any veteran who has been discharged (other than dishon-*
19 *orably) from, or the family of any serviceman who died in,*
20 *the Armed Forces of the United States within four years prior*
21 *to the date of application for admission to such housing.*

22 *“(l) All expenditures of appropriations for the payment*
23 *of annual contributions shall be subject to audit and final set-*
24 *tlement by the Comptroller General of the United States under*

1 *the provisions of the Budget and Accounting Act of 1921, as*
2 *amended.”*

3 *SEC. 406. Section 10 of said Act, as amended, is hereby*
4 *amended by adding the following new subsection:*

5 *“(j) In any community where it has been determined*
6 *by resolution or ordinance, or by referendum, that a project*
7 *shall be liquidated by sale thereof to private ownership, such*
8 *community may negotiate with the Federal Government with*
9 *respect to the sale of the project, and the Authority shall agree*
10 *that sale of the project may be made after public advertise-*
11 *ment to the highest bidder upon (1) payment and retire-*
12 *ment of all outstanding obligations (together with any interest*
13 *payable thereon and any premiums prescribed for the re-*
14 *demption of any bonds, notes, or other obligations prior to*
15 *maturity) in connection with the project, and (2) payment*
16 *of any proceeds received from the sale of the project in excess*
17 *of the amounts required to comply with the requirements of*
18 *the preceding clause numbered (1) to the Authority and to*
19 *local public bodies in proportion to the aggregate contribution*
20 *which the Authority and such local public bodies have made*
21 *to the project.”*

22 *TITLE V—HOME LOAN BANK BOARD*

23 *SEC. 501. The National Housing Act, as amended, is*
24 *hereby amended—*

1 (1) by amending section 402 (c) (4) to read as
2 follows:

3 “(4) To sue and be sued, complain and defend,
4 in any court of competent jurisdiction in the United
5 States or its territories or possessions or the Common-
6 wealth of Puerto Rico, and may be served by serving a
7 copy of process on any of its agents or any agent of the
8 Home Loan Bank Board and mailing a copy of such
9 process by registered mail to the Corporation at Wash-
10 ington, District of Columbia: Provided, That the pro-
11 visions hereof relating to service of process shall not be
12 applicable to any pending court action or suit or to any
13 action or suit involving the subject matter, or part thereof,
14 of such pending action or suit.”;

15 (2) by adding the following new subsection to section
16 405:

17 “(c) No action against the Corporation to enforce
18 a claim for payment of insurance upon an insured
19 account of an insured institution in default shall be
20 brought after the expiration of three years from the date
21 of default unless, within such three-year period, the con-
22 servator, receiver, or other legal custodian of the insured
23 institution shall have recognized such insured account
24 as a valid claim against the insured institution and the
25 claim for payment of insurance shall have been presented

1 to the Corporation and its validity denied, in which event
2 the action may be brought within two years from the
3 date of such denial.”; and

4 (3) by amending the first sentence of section 407 to
5 read as follows:

6 “Any insured institution other than a Federal sav-
7 ings and loan association may terminate its status as an
8 insured institution by written notice to the Corporation,
9 and the Corporation, for violation by an insured insti-
10 tution of its duty as such or for continued unsafe or
11 unsound practices in conducting the business of the insti-
12 tution, may, after written notice of any such alleged
13 violation of duty or continued unsafe or unsound prac-
14 tices and after reasonable opportunity to be heard, by
15 written notice to such insured institution, terminate such
16 status.”

17 SEC. 502. The Federal Home Loan Bank Act, as
18 amended, is hereby amended by striking “\$20,000” in sec-
19 tion 10 (b) (2) and inserting “\$35,000”.

20 SEC. 503. The Home Owners’ Loan Act of 1933, as
21 amended, is hereby amended—

22 (1) by striking “\$20,000” wherever it appears in
23 the first paragraph of subsection (c) of section 5 and
24 inserting “\$35,000”;

1 (2) by amending subsection (d) of section 5 to
2 read as follows:

3 “(d) (1) The Board shall have power to enforce
4 this section and rules and regulations made hereunder.
5 In the enforcement of any provision of this section or
6 rules and regulations made hereunder, or any other
7 law or regulation, and in the administration of conser-
8 vatorships and receiverships as provided in subsec-
9 tion (d) (2) hereof, the Board is authorized to act
10 in its own name and through its own attorneys. The
11 Board shall have power to sue and be sued, complain
12 and defend in any court of competent jurisdiction in
13 the United States or its Territories or possessions or the
14 Commonwealth of Puerto Rico. It shall by formal reso-
15 lution state any alleged violation of law or regulation
16 and give written notice to the association concerned
17 of the facts alleged to be such violation, except that the
18 appointment of a Supervisory Representative in Charge,
19 a conservator or a receiver shall be exclusively as pro-
20 vided in subsection (d) (2) hereof. Such association
21 shall have thirty days within which to correct the alleged
22 violation of law or regulation and to perform any legal
23 duty. If the association concerned does not comply with
24 the law or regulation within such period, then the Board
25 shall give such association twenty days written notice

1 of the charges against it and of a time and place at which
2 the Board will conduct a hearing as to such alleged vio-
3 lation of duty. Such hearing shall be in the Federal
4 judicial district of the association unless it consents to
5 another place and shall be conducted by a hearing exam-
6 iner as is provided by the Administrative Procedure Act.
7 The Board or any member thereof or its designated
8 representative shall have power to administer oaths and
9 affirmations and shall have power to issue subpoenas and
10 subpoenas duces tecum, and shall issue such at the re-
11 quest of any interested party, and the Board or any in-
12 terested party may apply to the United States district
13 court of the district where such hearing is designated
14 for the enforcement of such subpoena or subpoena duces
15 tecum and such courts shall have power to order and
16 require compliance therewith. A record shall be made
17 of such hearing and any interested party shall be entitled
18 to a copy of such record to be furnished by the Board at
19 its reasonable cost. After such hearing and adjudica-
20 tion by the Board, appeals shall lie as is provided by the
21 Administrative Procedure Act, and the review by the
22 court shall be upon the weight of the evidence. Upon
23 the giving of notice of alleged violation of law or regu-
24 lation as herein provided, either the Board or the asso-
25 ciation affected may, within thirty days after the service

1 of said notice, apply to the United States district court
2 for the district where the association is located for a de-
3 claratory judgment and an injunction or other relief with
4 respect to such controversy, and said court shall have ju-
5 risdiction to adjudicate the same as in other cases and to
6 enforce its orders. The Board may apply to the United
7 States district court of the district where the association
8 affected has its home office for the enforcement of any
9 order of the Board and such court shall have power to
10 enforce any such order which has become final. The
11 Board shall be subject to suit by any Federal savings
12 and loan association with respect to any matter under
13 this section or regulations made thereunder, or any other
14 law or regulation, in the United States district court for
15 the district where the home office of such association is
16 located, and may be served by serving a copy of process
17 on any of its agents and mailing a copy of such process
18 by registered mail, to the Home Loan Bank Board,
19 Washington, District of Columbia.

20 “(2) The grounds for the appointment of a con-
21 servator or receiver for a Federal savings and loan
22 association shall be one or more of the following: (i)
23 insolvency in that the assets of such association are
24 less than its obligations to its creditors and others, in-
25 cluding its members; (ii) violation of law or of a regu-

lation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint *ex parte* and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner removed by the Board, such Supervisory Representative in Charge shall hold office until a conservator or receiver, appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for six months, or until thirty days after the termination of the administrative hearing and final proceedings herein provided, or until sixty days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such ap-

1 *pointment of a conservator or receiver shall be made*
2 *except pursuant to a formal resolution of the Board*
3 *stating the grounds therefor and except notice thereof*
4 *is given to said association stating the grounds therefor*
5 *and until an opportunity for an administrative hearing*
6 *thereon is afforded to said association. Such hearing*
7 *shall be held in accordance with the provisions of the*
8 *Administrative Procedure Act and shall be subject to*
9 *review as therein provided and the review by the court*
10 *shall be upon the weight of the evidence. A conservator*
11 *shall have all the powers of the members, the directors,*
12 *and officers of the Federal association and shall be author-*
13 *ized to operate it in its own name or conserve its assets*
14 *in the manner and to the extent authorized by the Board.*
15 *The Board shall appoint only the Federal Savings*
16 *and Loan Insurance Corporation as receiver for any*
17 *Federal savings and loan association, which shall have*
18 *power as receiver to buy at its own sale subject to ap-*
19 *proval by the Board. With the consent of the association*
20 *expressed by a resolution of the board of directors or of*
21 *its members, the Board is authorized to appoint a con-*
22 *servator or receiver for a Federal association without*
23 *notice and without hearing. The Board shall have power*
24 *to make rules and regulations for the reorganization,*
25 *merger, and liquidation of Federal associations and for*

1 *such associations in conservatorship and receivership and*
2 *for the conduct of conservatorships and receiverships.*
3 *Whenever a Supervisory Representative in Charge,*
4 *conservator, or receiver, appointed by the Board pur-*
5 *suant to the provisions of this section, demands pos-*
6 *session of the property, business and assets of any asso-*
7 *ciation, the refusal of any officer, agent, employee, or*
8 *director of such association to comply with the demand*
9 *shall be punishable by a fine of not more than \$1,000*
10 *or by imprisonment for not more than one year or both*
11 *by such fine and imprisonment. Nothing in this sub-*
12 *section relating to jurisdiction, venue, service of process*
13 *or suability of the Board shall be applicable to any pend-*
14 *ing court action, or suit, or to any action, or suit in-*
15 *volving the subject matter, or part thereof, of such*
16 *pending action or suit.”, and*

17 *(3) by striking out the second paragraph of subsec-*
18 *tion (c) of section 5 and inserting in lieu thereof the*
19 *following new paragraph:*

20 *“Without regard to any other provision of this sub-*
21 *section except the area requirement such associations are*
22 *authorized to invest a sum not in excess of 15 per centum*
23 *of the assets of such association in loans insured under*
24 *title I of the National Housing Act, as amended, in*
25 *unsecured loans insured or guaranteed under the provi-*

1 *sions of the Servicemen's Readjustment Act of 1944, as*
2 *amended, and in other loans for property alteration,*
3 *repair, or improvement: Provided, That no such loan*
4 *shall be made in excess of \$2,500."*

5 *TITLE VI—VOLUNTARY HOME MORTGAGE*
6 *CREDIT PROGRAM*

7 *DECLARATION OF POLICY*

8 *SEC. 601. It is declared to be the policy of Congress—*

9 (a) to seek the constant improvement of the living
10 conditions of all the people under a strong, free, com-
11 petitive economy, and to take such action as will facilitate
12 the operation of that economy to provide adequate hous-
13 ing for all the people and to meet the demands for new
14 building;

15 (b) to provide a means of financing housing with-
16 in the framework of our private enterprise system and
17 without vast expenditures of public moneys;

(c) to encourage and facilitate the flow of funds for housing credit into remote areas and small communities, where such funds are not available in adequate supply; and

(d) to assist in the development of a program consonant with sound underwriting principles, whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic

1 *stability and growth of the Nation through extension of*
2 *the market for insured or guaranteed mortgage loans.*

3 *DEFINITIONS*

4 *SEC. 602. As used in this title, the following terms shall*
5 *have the meanings respectively ascribed to them below, and,*
6 *unless the context clearly indicates otherwise, shall include*
7 *the plural as well as the singular number:*

8 (i) *“Insured or guaranteed mortgage loan” means any*
9 *loan made for the construction or purchase of a family*
10 *dwelling or dwellings and which is (1) guaranteed or in-*
11 *sured under the Servicemen’s Readjustment Act of 1944, as*
12 *amended, or (2) secured by a mortgage insured under the*
13 *National Housing Act, as amended.*

14 (ii) *“Private financing institutions” means life-insurance*
15 *companies, saving banks, commercial banks, cooperative*
16 *banks, mortgage banks, and savings and loan associations.*

17 (iii) *“Administrator” means the Housing and Home*
18 *Finance Administrator.*

19 (iv) *“State” means the several States, the District of*
20 *Columbia, Territories and possessions of the United States.*

21 *NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION*

22 *COMMITTEE*

23 *SEC. 603. There is hereby established a National Vol-*
24 *untary Mortgage Credit Extension Committee, hereinafter*

1 called the "National Committee", which shall consist of the
2 Housing and Home Finance Administrator, who shall act
3 as Chairman of the National Committee, and fourteen other
4 persons appointed by the Administrator as follows:

5 (a) Two representatives of each type of private
6 financing institutions;

7 (b) Two representatives of builders of residential prop-
8 erties; and

9 (c) Two representatives of real-estate boards.

10 (d) The Administrator shall also request the Board of
11 Governors of the Federal Reserve System to designate a
12 representative of the Board to serve on the National Com-
13 mittee in an advisory capacity.

14 (e) The Administrator shall also request the Adminis-
15 trator of Veterans' Affairs to designate a representative to
16 serve on the National Committee in an advisory capacity.

17 (f) The Administrator shall also request the Home
18 Loan Bank Board to designate a representative of the Board
19 to serve on the National Committee in an advisory capacity.

20 In selecting and appointing the members of the National
21 Committee, the Administrator shall have due regard to fair
22 representation thereon for small, medium, and large private
23 financing institutions and for different geographical areas.
24 Members of the National Committee appointed by the
25 Administrator shall serve on a voluntary basis.

REGIONAL SUBCOMMITTEE

1
2 *SEC. 604. (a) As soon as practicable, the National*
3 *Committee shall divide the United States into regions con-*
4 *forming generally to the Federal Reserve districts. The*
5 *Administrator, after consultation with the other members of*
6 *the National Committee, shall, for each such region, desig-*
7 *nate five or more persons representing private financing insti-*
8 *tutions and builders of residential properties in such region*
9 *to serve as a regional subcommittee of the National Com-*
10 *mittee for the purpose of assisting in placing with private*
11 *financing institutions insured or guaranteed mortgage loans*
12 *as hereinafter set forth. In designating the members of each*
13 *such regional subcommittee, the Administrator shall have due*
14 *regard to fair representation thereon for small, medium, and*
15 *large financing institutions and builders of residential prop-*
16 *erties and for different geographical areas within such*
17 *regions. Members of each regional subcommittee shall serve*
18 *on a voluntary basis.*

19 *(b) The Administrator is authorized and directed, upon*
20 *the request of a regional subcommittee, to provide such sub-*
21 *committee with a suitable office and meeting place and to*
22 *furnish to the subcommittee such staff assistance as may be*
23 *reasonably necessary for the purpose of assisting it in the*
24 *performance of the functions hereinafter set forth. In com-*
25 *plying with these requirements, the Administrator may act*

1 through and may utilize the services of the several Federal
2 home-loan banks and may similarly act through and utilize
3 the services of the several Federal Reserve banks after making
4 appropriate arrangements with the Chairman of the Board
5 of Governors of the Federal Reserve System.

6 FUNCTION OF NATIONAL COMMITTEE AND OF REGIONAL
7 SUBCOMMITTEES

8 SEC. 605. It shall be the function of the National Com-
9 mittee and the regional subcommittees to facilitate the flow
10 of funds for residential mortgage loans into areas or com-
11 munities where there may be a shortage of local capital for,
12 or inadequate facilities for access to, such loans, and to
13 achieve the maximum utilization of the facilities of private
14 financing institutions for this purpose by soliciting and ob-
15 taining the cooperation of all such private financing institu-
16 tions in extending credit for insured or guaranteed mort-
17 gage loans wherever consistent with sound underwriting
18 principles.

19 SEC. 606. The National Committee shall study and re-
20 view the demand and supply of funds for residential mortgage
21 loans in all parts of the country, and shall receive reports
22 from and correlate the activities of the regional subcommit-
23 tees. It shall also periodically inform the Commissioner
24 of the Federal Housing Administration and the Administra-
25 tor of Veterans' Affairs concerning the results of the studies

1 and of the progress of the National Committee and regional
2 subcommittees in performing their function, and shall to the
3 extent practicable maintain liaison with State and local gov-
4 ernment housing officials in order that they may be fully ap-
5 prized of the function and work of the National Committee
6 and regional subcommittees. The Administrator shall, not
7 later than April 1 in each year, make a full report of the
8 operations of the National Committee and the regional sub-
9 committees to the Congress.

10 SEC. 607. (a) Each regional subcommittee shall study
11 and review the demand and supply of funds for residential
12 mortgage loans in its region, shall analyze cases of unsatisfied
13 demand for mortgage credit, and shall report to the National
14 Committee the results of its study and analysis. It shall also
15 maintain liaison with officers of the Federal Housing Admin-
16 istration and of the Veterans' Administration within its region
17 in order that such officers may be fully apprized of the func-
18 tion and work of the National Committee and regional sub-
19 committees. It shall request such officers to supply to the
20 subcommittee information regarding cases of unsatisfied de-
21 mand for mortgage credit for loans eligible for insurance
22 under the National Housing Act, as amended, or for insur-
23 ance or guaranty under the Servicemen's Readjustment Act
24 of 1944, as amended. Such officers are authorized to furnish
25 such information to such subcommittee.

1 (b) A regional subcommittee shall render assistance to
2 any applicant for a loan, the proceeds of which are to be
3 used for the construction or purchase of a family dwelling
4 or dwellings, upon receipt of a certificate from such appli-
5 cant, stating that—

6 (1) application for such loan has been made to at
7 least two private financing institutions, or in the alterna-
8 tive to such private financing institution or institutions
9 as may be reasonably accessible to the applicant;

10 (2) the applicant has been informed by the above-
11 mentioned private financing institution or institutions
12 that funds for mortgage credit on the loan are unavail-
13 able; and

14 (3) the applicant is eligible for insurance or guar-
15 anty under the Servicemen's Readjustment Act of 1944,
16 as amended, or consents that the mortgage to be issued
17 as security for the loan be insured under the National
18 Housing Act, as amended.

19 Upon receipt of such certification from an applicant the
20 regional subcommittee shall circularize private financing
21 institutions in the region or elsewhere and shall use its best
22 efforts to enable the applicant to place the loan with a private
23 financing institution. It shall render similar assistance to
24 any applicant for a loan, the proceeds of which are to be used

1 for the construction or purchase of a family dwelling or
2 dwellings, upon receipt of information from the Veterans'
3 Administration to the effect that the applicant has applied
4 for a direct loan, if he is eligible for such a loan, and that he
5 is eligible for insurance or guaranty, under the Servicemen's
6 Readjustment Act of 1944, as amended. In order to en-
7 courage small or local private financing institutions to origi-
8 nate insured or guaranteed mortgage loans, it may also ren-
9 der similar assistance to private financing institutions in
10 locating other private financing institutions willing to repur-
11 chase such mortgage loans on a mutually satisfactory basis.

12 (c) In the performance of its responsibilities under sub-
13 section (b) of this section, a regional subcommittee may at
14 its discretion (1) request the National Committee to obtain
15 for it the aid of other regional subcommittees in seeking
16 sources of mortgage credit, and (2) request and obtain vol-
17 untary assurances from any one or more private financing
18 institutions that they will make funds available for insured
19 or guaranteed mortgage loans in any specified area or areas
20 within its region in which the subcommittee finds that there
21 is a lack of adequate credit facilities for such loans.

22 REGULATIONS OF ADMINISTRATOR

23 SEC. 608. The Administrator, after consultation with
24 the National Committee, shall have power to issue general

1 rules and procedures for the effective implementation of this
2 title and for the functioning of the regional subcommittees,
3 pursuant to the provisions hereof and not in conflict herewith.

4 *GENERAL PROVISIONS*

5 *SEC. 609. No act pursuant to the provisions of this title*
6 *and which occurs while this title is in effect shall be con-*
7 *strued to be within the prohibitions of the antitrust laws*
8 *or the Federal Trade Commission Act of the United States.*

9 *SEC. 610. If any provision of this title, or the appli-*
10 *cation thereof to any person or circumstances, is held invalid,*
11 *the remainder of this title and the application of such provi-*
12 *sion to other persons or circumstances, shall not be affected*
13 *thereby.*

14 *SEC. 611. (a) This title and all authority conferred*
15 *hereunder shall terminate at the close of June 30, 1957.*

16 *(b) Notwithstanding subsection (a), Congress, by con-*
17 *current resolution, may terminate this title prior to the ter-*
18 *mination date hereinabove provided for.*

19 *TITLE VII—URBAN PLANNING AND RESERVE*
20 *OF PLANNED PUBLIC WORKS*

21 *URBAN PLANNING*

22 *SEC. 701. To facilitate urban planning for smaller com-*
23 *munities lacking adequate planning resources, the Admin-*
24 *istrator is authorized to make planning grants to State plan-*
25 *ning agencies for the provision of planning assistance (in-*

cluding surveys, land use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning. Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$5,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain a continuing and adequate reserve of planned public works the construction of which can rapidly be commenced whenever the economic

1 *situation may make such action desirable, and (2) to attain*
2 *maximum economy and efficiency in the planning and con-*
3 *struction of local, State, and Federal public works, the Ad-*
4 *ministrator is hereby authorized, during the period of three*
5 *years commencing on July 1, 1954, to make advances to*
6 *public agencies from funds available under this section (not-*
7 *withstanding the provisions of section 3648 of the Revised*
8 *Statutes, as amended) to aid in financing the cost of engi-*
9 *neering and architectural surveys, designs, plans, working*
10 *drawings, specifications, or other action preliminary to and*
11 *in preparation for the construction of public works: Pro-*
12 *vided, That the making of advances hereunder shall not in*
13 *any way commit the Congress to appropriate funds to assist*
14 *in financing the construction of any public works so planned.*

15 *(b) No advance shall be made hereunder with respect*
16 *to any individual project unless it conforms to an overall*
17 *State, local, or regional plan approved by a competent State,*
18 *local, or regional authority, and unless the public agency*
19 *formally contracts with the Federal Government to complete*
20 *the plan preparation promptly and to repay such advance*
21 *when due. Subsequent to approval and prior to disburse-*
22 *ment of any Federal funds for the purpose of advance plan-*
23 *ning, the applicant shall establish a separate planning account*

1 into which all Federal and applicant funds estimated to be
2 required for plan preparation shall be placed.

3 (c) Advances under this section to any public agency
4 shall be repaid without interest by such agency when the
5 construction of the public works is undertaken or started:
6 Provided, That in the event repayment is not made promptly
7 such unpaid sum shall bear interest at the rate of 4 per
8 centum per annum from the date of the Government's de-
9 mand for repayment to the date of payment thereof by the
10 public agency. All sums so repaid shall be covered into
11 the Treasury as miscellaneous receipts.

12 (d) The Administration is authorized to prescribe rules
13 and regulations to carry out the purposes of this section.

14 (e) There is hereby authorized to be appropriated not
15 exceeding \$10,000,000 to carry out the purposes of this sec-
16 tion, and any amount so appropriated shall remain available
17 until expended. Not more than 5 per centum of the funds
18 so appropriated shall be expended in any one State.

19 **DEFINITIONS**

20 SEC. 703. As used in this title, (1) the term "State"
21 shall mean any State, the District of Columbia, the Com-
22 monwealth of Puerto Rico, and any territory, or possession
23 of the United States; (2) the term "Administrator" shall

1 mean the Housing and Home Finance Administrator;
2 (3) the term "public works" shall include any public works
3 other than housing; and (4) the term "public agency" or
4 "public agencies" shall mean any State as herein defined, or
5 any public agency or political subdivision therein.

6 TITLE VIII—SMOKE ELIMINATION AND AIR
7 POLLUTION PREVENTION

8 SEC. 801. The Congress hereby declares that smoke
9 elimination and air pollution prevention are important fac-
10 tors in the prevention and rehabilitation of slums and blighted
11 areas and in the conservation of the health and property of
12 the people of the United States. It is the objective of this
13 title to assist in smoke elimination and air pollution preven-
14 tion by providing for research and loans.

15 SEC. 802. (a) The Secretary of Health, Education, and
16 Welfare (hereinafter sometimes referred to in this title as
17 the Secretary) shall undertake and conduct a program of
18 technical research and studies concerned with (a) causes of
19 air pollution and excessive smoke, (b) devices, structures,
20 machinery, equipment, and methods (including methods of
21 selecting and using fuels) for the prevention or elimination
22 of excessive smoke and air pollution or the collection of atmos-
23 pheric containments, and (c) guidance and assistance to
24 local communities in smoke elimination and air pollution
25 prevention and control.

1 (b) Contracts may be made by the Secretary for tech-
2 nical research and studies authorized by this section for work
3 to continue not more than four years from the date of any
4 such contract. Any unexpended balances of appropriations
5 properly obligated by such contracting may remain upon the
6 books of the Treasury for not more than five fiscal years
7 before being carried to the surplus fund and covered into the
8 Treasury. All contracts made by the Secretary for technical
9 research and studies authorized by this or any other Act
10 shall contain requirements making the results of such research
11 or studies available to the public through dedication, assign-
12 ment to the Government, or such other means as the Secre-
13 tary shall determine. The Secretary shall disseminate, and
14 without regard to the provisions of 39 U. S. C. 321n, the
15 results of such research and studies in such form as may be
16 most useful to industry and to the general public.

17 (c) In carrying out research and studies under this
18 title, the Secretary shall utilize, to the fullest extent feasible,
19 the available facilities of existing bureaus and offices within
20 the Department of Health, Education, and Welfare, other
21 departments, independent establishments, and agencies of the
22 Federal Government, and shall consult with, and make rec-
23 ommendations to, such other departments, independent estab-
24 lishments, and agencies with respect to such action as may
25 be necessary and desirable to overcome existing gaps and

1 deficiencies in available data with respect to excessive smoke
2 and air pollution causes, prevention, and control or in the
3 facilities available for the collection of such data. For the
4 purposes of this title, the Secretary is further authorized to
5 undertake research and studies cooperatively with agencies
6 of State or local governments, and educational institutions,
7 and other nonprofit organizations, and may, in addition to
8 and not in derogation of any powers and authorities conferred under any other Act—

10 (1) with the consent of the agency or organization
11 concerned, accept and utilize equipment, facilities, or
12 the services of employees of any State or local public
13 agency or instrumentality, educational institution, or
14 nonprofit agency or organization and, in connection with
15 the utilization of such services, may make payments
16 for transportation while away from their homes or regular
17 places of business and per diem in lieu of subsistence
18 en route and at place of such service, in accordance with
19 the provisions of title 5, United States Code, section
20 73b-2;

21 (2) utilize, contract with, and act through, without
22 regard to section 3709, of the Revised Statutes, any
23 Federal, State, or local public agency or instrumentality,
24 educational institution, or nonprofit agency or organization
25 with its consent, and any funds available to the

1 *Secretary for carrying out his functions, powers, and*
2 *duties under this section shall be available to reimburse*
3 *or pay any such agency, instrumentality, institution, or*
4 *organization; and, whenever necessary in the judgment*
5 *of the Secretary, he may make advance, progress, or*
6 *other payments with respect to such contracts without*
7 *regard to the provisions of section 3648 of the Revised*
8 *Statutes; and*

9 *(3) make expenditures for all necessary expenses,*
10 *including preparation, mounting, shipping, and installa-*
11 *tion of exhibits; purchase and exchange of technical*
12 *apparatus; and such other expenses as may, from time*
13 *to time, be found necessary in carrying out the Secre-*
14 *tary's functions, powers, and duties under this title.*

15 *(d) There is hereby authorized to be appropriated to*
16 *carry out the purposes of this section, such sums, not in*
17 *excess of \$5,000,000, as may be necessary therefor.*

18 *SEC. 803. (a) The Housing and Home Finance Ad-*
19 *ministrator (hereinafter sometimes referred to in this title*
20 *as the Administrator) within the limits hereinafter provided,*
21 *is authorized to purchase the obligations of, and to make*
22 *loans to, any business enterprise to aid in financing the pur-*
23 *chase, installation, construction, reconstruction or remodeling*
24 *of any device, structure, machinery, or equipment used or to*
25 *be used in connection with the enterprise's business activities*

1 where the purchase, installation, construction, reconstruction,
2 or remodeling would (1) substantially reduce the amount of
3 smoke or air pollution or contamination in the community in
4 which the device, structure, machinery, or equipment is lo-
5 cated or to be located, or (2) in conjunction with other pro-
6 posed action in the community, substantially reduce the
7 amount of such smoke, pollution, or contamination.

8 (b) No financial assistance shall be extended pursuant
9 to this section unless the financial assistance applied for is
10 not otherwise available on reasonable terms. All securities
11 and obligations purchased and all loans made shall be of such
12 sound value or so secured as reasonably to assure retirement
13 or repayment and such loans shall be made in cooperation
14 with banks or other lending institutions through agreements
15 to participate or by the purchase of participations, or other-
16 wise.

17 (c) Loans made pursuant to this section may be made
18 subject to the condition that, if at any time or times or for
19 any period or periods during the life of the loan contract the
20 business enterprise can obtain loan funds from sources other
21 than the Federal Government at interest rates as low as or
22 lower than provided in the loan contract, it may do so with
23 the consent of the Administrator at such times and for such
24 periods without waiving or surrendering any rights to loan
25 funds under the contract for the remainder of the life of such

1 contract, and, in any such case, the Administrator is author-
2 ized to consent to a pledge by the business enterprise of the
3 loan contract, and any or all of its rights thereunder, as
4 security for the repayment of the loan funds so obtained from
5 other sources.

6 (d) The loans shall be repaid within such period, not
7 exceeding twenty years, as may be determined by the Ad-
8 ministrator, and shall bear interest at a rate determined by
9 the Administrator which shall be not less than 1 per
10 centum plus the base annual rate which the Secretary of the
11 Treasury shall specify as applicable to the six-month period
12 (beginning with the six-month period ending July 31,
13 1954) during which the contract for the loans is made:
14 Provided, That such base annual rate for each six-month
15 period shall be determined by the Secretary of the Treasury
16 by estimating the average yield to maturity, on the basis of
17 daily closing market bid quotations or prices during the
18 month of May or the month of November, as the case may
19 be, next preceding such six-month period, on all outstanding
20 marketable obligations of the United States having a ma-
21 turity date of fifteen or more years from the first day of such
22 month of May or November, and by adjusting such estimated
23 average annual yield to the nearest one-eighth of one per
24 centum.

1 (c) *The total amount of investments, loans, purchases,*
2 *and commitments made pursuant to this section shall not*
3 *exceed \$50,000,000 outstanding at any one time.*

4 (f) *There are hereby authorized to be appropriated*
5 *such sums as may be necessary to carry out the purposes of*
6 *this section. Funds made available to the Administrator*
7 *pursuant to the provisions of this section shall be deposited in*
8 *a checking account or accounts with the Treasurer of the*
9 *United States. Receipts and assets obtained or held by the*
10 *Administrator in connection with the performance of his*
11 *functions under this section, and all funds available for carry-*
12 *ing out the functions of the Administrator under this section,*
13 *shall be available for any of the purposes of this section,*
14 *including administrative expenses of the Administrator in*
15 *connection with the performance of such functions.*

16 (g) *Not more than 10 per centum of the funds provided*
17 *for in this section in the form of loans shall be made available*
18 *within any one State.*

19 (h) *In the performance of, and with respect to, the*
20 *functions, powers, and duties vested in him by this section*
21 *the Administrator shall (in addition to any authority other-*
22 *wise vested in him) have the functions, powers, and duties*
23 *set forth in section 402 (c), except subsection (2), of the*
24 *Housing Act of 1950.*

25 *SEC. 804. The authority of the Federal Housing Com-*

1 mission under the National Housing Act, as amended, shall
2 be used to the fullest extent possible to encourage and assist
3 home conversion and improvement loans which will aid
4 smoke elimination and air pollution prevention.

5 SEC. 805. For purposes of this title the word "State"
6 shall include all Territories of the United States, the Com-
7 monwealth of Puerto Rico, and the District of Columbia.

8 TITLE IX—MISCELLANEOUS PROVISIONS

9 SEC. 901. (a) The Federal Housing Commissioner and
10 the Administrator of Veterans' Affairs, respectively, are
11 hereby authorized and directed to require that, in connec-
12 tion with any property upon which there is located a dwell-
13 ing designed principally for not more than a four-family
14 residence and which is approved for mortgage insurance or
15 guaranty prior to the beginning of construction, no mortgage
16 shall be insured or guaranteed under the National Housing
17 Act, as amended, or title III of the Servicemen's Readjust-
18 ment Act of 1944, as amended, unless the seller or builder,
19 and such other person as may be required by the said Com-
20 missioner or Administrator to give a certification, shall
21 deliver to the purchaser or owner of such property a certifi-
22 cate that the dwelling is constructed in conformity with the
23 plans and specifications (including any amendments thereof,
24 or changes and variations therein, which have been approved
25 in writing by the Federal Housing Commissioner or the

1 Administrator of Veterans' Affairs) on which the Federal
2 Housing Commissioner or the Administrator of Veterans'
3 Affairs based his valuation of the dwelling: Provided, That
4 the Federal Housing Commissioner or the Administrator of
5 Veterans' Affairs shall deliver to the builder, seller, or other
6 person giving the required certification his written approval
7 (which shall be conclusive evidence of such approval) of
8 any amendment of, or change or variation in, such plans
9 and specifications which the Commissioner or the Adminis-
10 trator deems to be a substantial amendment thereof, or change
11 or variation therein, and shall file a copy of such written
12 approval with such plans and specifications: Provided fur-
13 ther, That such certification shall apply only with respect
14 to such instances of nonconformity to such approved plans
15 and specifications (including any amendments thereof, or
16 changes or variations therein, which have been approved in
17 writing, as provided herein, by the Federal Housing Com-
18 missioner or the Administrator of Veterans' Affairs) as to
19 which the purchaser or homeowner has given written notice
20 to the person who gave the certification within one year from
21 the date of conveyance of title to, or initial occupancy of,
22 the dwelling, whichever first occurs: Provided further, That
23 such certification shall be in addition to, and not in deroga-
24 tion of, all other rights and privileges which such purchaser
25 or owner may have under any other law or instrument:

1 *And provided further, That the provisions of this section*
2 *shall apply to any such property covered by a mortgage*
3 *insured or guaranteed by the Federal Housing Commissioner*
4 *or the Administrator of Veterans' Affairs on and after*
5 *July 1, 1954, unless such mortgage is insured or guaranteed*
6 *pursuant to a commitment therefor made prior to July 1,*
7 *1954.*

8 *(b) The Federal Housing Commissioner and the Ad-*
9 *ministrator of Veterans' Affairs, respectively, are further*
10 *directed to permit copies of the plans and specifications (in-*
11 *cluding written approvals of any amendments thereof, or*
12 *changes or variations therein, as provided herein) for dwell-*
13 *ings in connection with which certifications are required*
14 *by subsection (a) of this section to be made available in their*
15 *appropriate local offices for inspection or for copying by*
16 *any purchaser, homeowner, or person giving a certification*
17 *during such hours or periods of time as the said Commis-*
18 *sioner and Administrator may determine to be reasonable.*

19 *SEC. 902. The Servicemen's Readjustment Act of 1944,*
20 *as amended, is hereby amended—*

21 *(a) by striking out of clause (C) of section 512 (b)*
22 *"June 30, 1954" and inserting in lieu thereof "June 30,*
23 *1955";*

24 *(b) by striking out of section 512 (d) "to any pri-*

1 vate lending institution evidencing ability to service
2 loans” and inserting in lieu thereof “to any person or
3 entity approved for such purpose by the Administrator”;

4 (c) by striking out of the first sentence of section 513
5 (a) “June 30, 1954” and inserting in lieu thereof
6 “June 30, 1955”;

7 (d) by striking out of the third sentence of section
8 513 (c) “June 30, 1955” and inserting in lieu thereof
9 “June 30, 1956”;

10 (e) by striking out of the first sentence of section 513
11 (d) “June 30, 1954” and inserting in lieu thereof “June
12 30, 1955”;

13 (f) by striking out of section 513 (d) the second
14 time it appears the sum “\$25,000,000” and inserting in
15 lieu thereof the sum of “\$50,000,000”; and

16 (g) by amending section 501 (b) to read as follows:

17 “(b) Any loan made to a veteran for the purposes speci-
18 fied in subsection (a) of this section 501, may, notwith-
19 standing the provisions of subsection (a) of section 500
20 of this title relating to the percentage or aggregate amount
21 of loan to be guaranteed, be guaranteed, if otherwise made
22 pursuant to the provisions of this title, in an amount not
23 exceeding 60 per centum of the loan: Provided, That the
24 aggregate amount of any guaranties to a veteran under
25 this title shall not exceed \$7,500, nor shall any gratuities

1 payable under subsection (c) of section 500 of this title
2 exceed the amount which as payable on loans guaranteed
3 in accordance with the maxima provided for in subsection
4 (a) of section 500 of this title: And provided further, That
5 no such loan for the repair, alteration, or improvement of
6 property shall be insured or guaranteed under this Act unless
7 such repair, alteration, or improvement substantially protects
8 or improves the basic livability or utility of the property
9 involved.”

10 SEC. 903. (a) Section 108 of the Reconstruction
11 Finance Corporation Liquidation Act (62 Stat. 262) is
12 amended as follows:

13 (1) Strike out from subsection (a) thereof the words
14 “the President, through such officer or agency of the Govern-
15 ment (other than the Reconstruction Finance Corporation)
16 as he may designate,” and insert in lieu thereof the words
17 “the Housing and Home Finance Administrator”.

18 (2) Strike out all of subsection (b) and insert in lieu
19 thereof the following:

20 “(b) For the purposes of this section, notwithstanding
21 any other provision of law, the Housing and Home Finance
22 Administrator is authorized to obtain from a revolving fund
23 hereby established in the Treasury of the United States not
24 to exceed a total of \$50,000,000 outstanding at any one time.
25 For this purpose there is hereby appropriated to said revolv-

1 ing fund in the Treasury the amount of \$50,000,000. Ad-
2 vances from the revolving fund shall be made to the Housing
3 and Home Finance Administrator upon his request. The
4 Housing and Home Finance Administrator shall pay into
5 the Treasury as miscellaneous receipts, at the close of each
6 fiscal year, interest on the amount of advances outstanding,
7 at a rate determined by the Secretary of the Treasury, taking
8 into consideration the current average rate on outstanding
9 interest-bearing marketable public debt obligations of the
10 United States of comparable maturities. As the Housing
11 and Home Finance Administrator repays principal sums
12 advanced from the revolving fund pursuant to this section,
13 such repayments shall be made to the revolving fund.”

14 (3) Strike out from subsection (c) thereof the words
15 “officer or agency designated by the President” and insert in
16 lieu thereof the words “Housing and Home Finance Admin-
17 istrator”.

18 (4) Strike out from subsection (d) thereof the figures
19 “1955” and insert in lieu thereof the figures “1957”.

20 (b) Section 10 of the Reconstruction Finance Cor-
21 poration Act, as amended, is hereby amended by striking
22 therefrom the words “at the expiration of the succession of
23 the Corporation” and inserting in lieu thereof the words “by
24 the close of business on June 30, 1954”.

25 (c) Subsection (a) of section 102 of the Reconstruction

1 *Finance Corporation Liquidation Act is amended to read*
2 *as follows: “(a) The first sentence of section 3 (a) of the*
3 *Reconstruction Finance Corporation Act, as amended (15*
4 *U. S. C. 603 (a)), is amended to read: “The Corporation*
5 *shall have succession until it is dissolved pursuant to the*
6 *provisions of section 10 of this Act.’ ”*

7 *(d) Section 105 of the Reconstruction Finance Cor-*
8 *poration Liquidation Act is amended by striking the words*
9 *“termination of succession” wherever they appear therein*
10 *and inserting in lieu thereof the word “dissolution”.*

11 *(e) Subsection (a) of section 106 of the Reconstruction*
12 *Finance Corporation Liquidation Act is amended to read*
13 *as follows: “(a) Promptly after June 30, 1954, the Ad-*
14 *ministrator of the Reconstruction Finance Corporation shall*
15 *make a full report to the Congress.”*

16 *SEC. 904. The Act entitled “An Act to expedite the pro-*
17 *vision of housing in connection with national defense, and*
18 *for other purposes”, approved October 14, 1940, as amend-*
19 *ed, is hereby amended—*

20 *(1) by adding the following at the end of section*
21 *605 (a).*

22 *“In any city in which, on March 1, 1953, there were*
23 *more than twelve thousand temporary housing units held*
24 *by the United States of America, or in any two contiguous*
25 *cities in one of which there were on such date more than*

1 twelve thousand temporary housing units so held, the Ad-
2 ministrator may acquire, by purchase or condemnation, a
3 fee simple title to any lands in which the Administrator holds
4 a leasehold interest, or other interest less than a fee simple,
5 acquired by the Federal Government for national defense or
6 war housing or for veterans' housing where (1) the Admin-
7 istrator finds that the acquisition by him of a fee simple title
8 in the land will expedite the disposal or removal of temporary
9 housing under his jurisdiction by facilitating the availability
10 of improved sites for privately owned housing needed to re-
11 place such temporary housing, (2) the city or a local public
12 agency has, in accordance with authority under State law,
13 entered into a firm agreement to purchase the land so ac-
14 quired at a price determined by the Administrator to be fair,
15 but in no event less than the estimated cost to the Federal
16 Government of acquiring the fee simple title (including an
17 estimated amount to cover legal and overhead expenses of
18 such acquisition) as determined by the Administrator, (3)
19 the city or local public agency has furnished evidence satis-
20 factory to the Administrator that it has or will have funds
21 available to make all agreed-upon payments to the Federal
22 Government and to protect the Federal Government against
23 any loss resulting from the acquisition of fee simple title, and
24 (4) the city or local public agency has furnished assurances
25 satisfactory to the Administrator that the land will be made

1 available to private enterprise for development, in accordance
2 with local zoning and other laws, for predominantly resi-
3 dential uses: Provided, That such acquisitions by the Admin-
4 istrator pursuant to this sentence shall be limited to not
5 exceeding four hundred and twenty-five acres of land in the
6 general area in which approximately one thousand five hun-
7 dred units of temporary housing held by the United States of
8 America were unoccupied on said date.”;

9 (2) by adding the following new subsection at the
10 end of section 607:

11 “(g) The Administrator may dispose of any permanent
12 war housing without regard to the preferences in subsections
13 (b) and (c) of this section when he determines that (1)
14 such housing, because of design or lack of amenities, is un-
15 suitable for family dwelling use, or (2) it is being used at the
16 time of disposition for other than dwelling purposes, or (3)
17 it was offered, with preferences substantially similar to those
18 provided in the Housing Act of 1950 (64 Stat. 48), to
19 veterans and occupants prior to enactment of said Act.”; and

20 (3) by adding the following new section at the end
21 of title VI:

22 “SEC. 613. Upon a certification by the Secretary of the
23 Interior that any surplus housing, classified by the Adminis-
24 trator as demountable, in the area of San Diego, California,
25 is needed to provide dwelling accommodations for member-

1 of a tribe of Indians in Riverside County or San Diego
2 County, California, the Administrator is hereby authorized,
3 notwithstanding any other provision of law, to transfer and
4 convey such housing without consideration to such tribe, the
5 members thereof, or the Secretary of the Interior in trust
6 therefor, as the Secretary may prescribe: Provided, That the
7 term housing as used in this section shall not include land.”

8 SEC. 905. Subsection 302 (b) of Public Law 139,
9 82d Congress, as amended, is hereby amended by striking
10 the second sentence thereof and adding the following:

11 “Any temporary housing constructed or acquired under
12 this title which the Administrator determines to be no longer
13 needed for use under this title shall, unless transferred to
14 the Department of Defense pursuant to section 306 hereof,
15 or reported as excess to the Administrator of the General
16 Services Administration pursuant to the Federal Property
17 and Administrative Services Act of 1949, as amended, be
18 sold as soon as practicable to the highest responsible bidder
19 after public advertising, except that if one or more of such
20 bidders is a veteran purchasing a dwelling unit for his own
21 occupancy the sale of such unit shall be made to the highest
22 responsible bidder who is a veteran so purchasing: Provided,
23 That the housing may be sold at fair value (as determined
24 by the Housing and Home Finance Administrator) to a
25 public body for public use: And provided further, That the

1 *housing structures shall be sold for removal from the site,*
2 *except that they may be sold for use on the site if the govern-*
3 *ing body of the locality has adopted a resolution approving*
4 *use of such structures on the site."*

5 *SEC. 906. Section 601 of the Housing Act of 1949 is*
6 *hereby amended to read as follows:*

7 *"The Housing and Home Finance Administrator and*
8 *the head of each constituent agency of the Housing and Home*
9 *Finance Agency is hereby authorized to establish such ad-*
10 *visory committee or committees as each may deem necessary*
11 *in carrying out any of his functions, powers, and duties*
12 *under this or any other Act or authorization. Service as a*
13 *member of any such committee shall not constitute any form*
14 *of service, employment, or action within the provisions of*
15 *sections 281, 283, 284, or 1914 of title 18, United States*
16 *Code, or within the provisions of section 190 of the Revised*
17 *Statutes (5 U. S. C. 99). Persons serving without compen-*
18 *sation as members of any such committee may be paid trans-*
19 *portation expenses and not to exceed \$25 per diem in lieu of*
20 *subsistence, as authorized by section 5 of the Act of August*
21 *2, 1946 (5 U. S. C. 73b-2)."*

22 *SEC. 907. Section 202 of the Act entitled "An Act re-*
23 *lating to the construction of school facilities in areas affected*
24 *by Federal activities, and for other purposes", approved*
25 *September 23, 1950, as amended, is hereby amended by add-*

1 *ing the following new sentence at the end thereof: "In any*
2 *case where such facilities are or have been damaged or de-*
3 *stroyed by fire or other casualty after they have become eligi-*
4 *ble for such transfer but before such transfer has been com-*
5 *pleted, the head of the Federal department or agency may*
6 *assign or pay to such local educational agency, solely for use*
7 *in repairing or reconstructing such facilities, all or any part*
8 *of any insurance receipts in connection with such casualty*
9 *which are payable or have been paid in consideration of pre-*
10 *miums which such local educational agency has advanced for*
11 *the benefit of the United States."*

12 *SEC. 908. Notwithstanding the provisions of any other*
13 *law, the Housing and Home Finance Administrator is*
14 *authorized and directed to sell to the University of Cali-*
15 *fornia, at fair market value as determined by him, all of*
16 *the properties, including land, comprising war housing*
17 *projects CAL-4041 and 4042 known as Canyon Crest*
18 *Homes located in Riverside County, California.*

19 *SEC. 909. Notwithstanding the provisions of any other*
20 *law, the Housing and Home Finance Administrator is*
21 *authorized to sell and convey all right, title and interest of the*
22 *United States (including any off-site easements) at fair*
23 *market value as determined by him, in and to war housing*
24 *project CONN-6029, known as Westfield Heights, contain-*
25 *ing one hundred and thirty dwelling units on approximately*

1 *twenty-three and nineteen one-hundredths acres of land in*
2 *Wethersfield, Connecticut, and CONN-6125, known as*
3 *Drum Hill Park, containing one hundred and twenty-five*
4 *dwelling units on approximately fifty-two and thirty-three*
5 *one-hundredths acres of land in Rocky Hill, Connecticut, to*
6 *the housing authority of the town of Wethersfield, Connecti-*
7 *cut, for use in providing moderate rental housing. Any sale*
8 *pursuant to this Act shall be on such terms and conditions as*
9 *the Administrator shall determine: Provided, That full pay-*
10 *ment to the United States shall be required within a period*
11 *of not to exceed thirty years with interest on unpaid balance*
12 *at not to exceed 5 per centum per annum.*

13 *SEC. 910. The Housing and Home Finance Agency,*
14 *including its constituent agencies, and any other depart-*
15 *ments or agencies of the Federal Government having powers,*
16 *functions, or duties with respect to housing under this or*
17 *any other law shall exercise such powers, functions, or duties*
18 *in such manner as, consistent with the requirements thereof,*
19 *will facilitate progress in the reduction of the vulnerability*
20 *of congested urban areas to enemy attack.*

21 *SEC. 911. Title V of the Housing Act of 1949, as*
22 *amended, is hereby amended as follows:*

23 *(a) In the first sentence of section 511 immediately fol-*
24 *lowing the phrase "July 1, 1952," strike the word "and",*
25 *and insert at the end of the sentence just before the period*

1 a comma and the language “and an additional \$100,000,000
2 on and after July 1, 1954”.

3 (b) In section 512, (i) strike “and 1953” and insert
4 “1953, and 1954”, and (ii) strike “and \$2,000,000” and
5 insert “\$2,000,000, and \$2,000,000”.

6 (c) In section 513, strike “and \$10,000,000 on July 1
7 of each of the years 1950, 1951, 1952, and 1953” and insert
8 “\$10,000,000, and \$10,000,000 on July 1 of each of the
9 years 1950, 1951, 1952, 1953, and 1954”.

10 SEC. 912. Section 504 of the Housing Act of 1950,
11 as amended, is hereby repealed.

12 SEC. 913. Section 3491 of the Revised Statutes, as
13 amended, is hereby amended as follows:

14 (a) Strike the last sentence of clause (C).

15 (b) In the first sentence of clause (E) strike the words
16 “for disclosure of the information or evidence not in the
17 possession of the United States when such suit was brought”
18 and insert in lieu thereof “for the collection of any forfeiture
19 and damages”.

20 ACT OF CONTROLLING

21 SEC. 914. Insofar as the provisions of any other law
22 are inconsistent with the provisions of this Act, the provisions
23 of this Act shall be controlling.

SEPARABILITY

1
2 *SEC. 915. Except as may be otherwise expressly pro-*
3 *vided in this Act, all powers and authorities conferred by this*
4 *Act shall be cumulative and additional to and not in deroga-*
5 *tion of any powers and authorities otherwise existing. Not-*
6 *withstanding any other evidences of the intention of Congress,*
7 *it is hereby declared to be the controlling intent of Congress*
8 *that if any provisions of this Act, or the application thereof*
9 *to any persons or circumstances, shall be adjudged by any*
10 *court of competent jurisdiction to be invalid, such judgment*
11 *shall not affect, impair, or invalidate the remainder of this*
12 *Act or its applications to other persons and circumstances.*

Passed the House of Representatives April 2, 1954.

Attest:

LYLE O. SNADER,

Clerk.

83^d CONGRESS
2^d Session

H. R. 7839

[Report No. 1472]

AN ACT

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

APRIL 5, 1954

Read twice and referred to the Committee on
Banking and Currency

MAY 28 (legislative day, MAY 13), 1954

Reported with an amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
For Department Staff Only)

Issued June 4, 1954
For actions of June 3, 1954
83rd-2nd, No. 102

CONTENTS

Adjournment.....	13	Forestry.....	10,17	Personnel.....	3,19
Alaska.....	15	Furniture.....	14	Research.....	2,5
Appropriations.....	4,11,17	Housing loans.....	1	Soil conservation.....	7
Buildings.....	6	Labor.....	16	Textiles.....	20
Coffee.....	12	Lands, transfer.....	2,10	Trade, foreign.....	9,20
Commodity exchanges.....	2	Legislative program.....	13	Unemployment compensation*	16
Comptroller General.....	19	Loans, farm.....	1,2,10	Vehicles.....	14
Dairy industry.....	8	Nominations.....	5	Water resources.....	15
Disbursing.....	3	Peanuts.....	2		
Education.....	18				

HIGHLIGHTS: Senate passed housing bill, including provision to extend rural housing program. Senate committee reported bills to extend Commodity Exchange Act to onions and increase fees, authorize additional contract research, authorize banks for cooperatives to issue consolidated debentures, and modify peanut allotment legislation. House committee reported bills to amend Farm Tenant Act and broaden law on long-term Forest Service permits. Senate committee reported Interior appropriation bill. Sen. Wiley commended use of milk vending machines. Rep. Yorty opposed proposed cuts in Forest Service appropriations.

SENATE

- 1. HOUSING LOANS.** Passed with amendments H. R. 7839, the omnibus housing bill, which includes a provision continuing the rural housing program administered by this Department (pp. 7183-200). Senate conferees were appointed (p. 7200). Agreed to a Monroney amendment authorizing the Federal Housing Administration "to insure any mortgage issued with respect to the construction of a farm home on a plot of land 5 or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed \$100,000,000" (p. 7200).
- 2. COMMODITY EXCHANGES; RESEARCH; PEANUTS; FARM LOANS; LAND TRANSFERS.** Reported the bills which were listed in Digest 101, item 2, as having been ordered reported the day before. These are: S. 2367 (S. Rept. 1495), S. 2715 (S. Rept. 1496), S. 3207 (S. Rept. 1497), S. 3487 (S. Rept. 1499), H. R. 4017 (S. Rept. 1500), S. J. Res. 134 (S. Rept. 1501), H. R. 6435 (S. Rept. 1502), H. R. 107 (S. Rept. 1503), (p. 7170.)
- 3. PERSONNEL; DISBURSING.** Passed with amendment S. 2728, to provide for withholding pay of Government employees indebted to the U. S. as the result of erroneous payment. Agreed to a Cooper amendment providing that the deduction for any period shall generally not exceed 2/3 of the pay from which the deduction is made. (pp. 7179-80.)
- 4. INTERIOR APPROPRIATION BILL, 1955.** The Appropriations Committee reported with amendments this bill, H. R. 8680 (S. Rept. 1506) (p. 7171).

5. NOMINATIONS. Confirmed the nominations of Messrs. McLaughlin, Merck, Morris, Houston, Macelwane, Whitaker, Hesburgh, and Adams to the National Science Board, National Science Administration, for the term expiring May 10, 1960 (pp. 7169, 7206).
6. BUILDINGS. Sen. Bush was substituted for Sen. Kuchel as a conferee on H. R. 6342 the lease-purchase buildings bill (p. 7203).
7. SOIL CONSERVATION. Sen. Carlson commended the Hope-Aiken watershed bill and inserted a Kans. Livestock Assn. statement on this matter (p. 7170).
8. DAIRY INDUSTRY. Sen. Wiley commended the use of milk vending machines as "a key to dairy prosperity" and inserted a Farm Bureau statement on this matter (p. 7201).
9. TARIFFS. Sen. Malone recommended additional tariff protection (pp. 7201-2).

HOUSE

10. FARM LOANS; FORESTRY; LAND TRANSFER. The Agriculture Committee reported with amendment S. 1276, to amend the Bankhead-Jones Farm Tenant Act in order to authorize increased interest rates, etc. (H. Rept. 1741); H. R. 2762, to broaden the Secretary's authority to permit use and occupation of national forest lands (H. Rept. 1742); and H. R. 4928, which directs conveyance of 15 acres of lands of the U. S. Animal Quarantine Station at Clifton, N. J., to the city for 50% of value (H. Rept. 1743) (p. 7222).
11. LABOR-HEW APPROPRIATION BILL, 1955. The Appropriations Committee was authorized to report this bill during adjournment of the House today (p. 7208).
12. COFFEE PRICES. Rep. Sullivan claimed the so-called "coffee shortage" is a "hoax" (pp. 7219-21).
13. ADJOURNED until Mon., June 7 (p. 7221). Legislative program for next week, as announced by Majority Whip Arends: Mon., Consent Calendar; Tues., Private Calendar; followed by Labor-HEW appropriation bill (p. 7211).
14. VEHICLES; FURNITURE. In reporting H. R. 8753 (see Digest 99), the Government Operations Committee stated: "The objection raised concerning GSA having the final decision for participation in motor-vehicle pools, and the objection raised by certain investigative agencies that the performance of their duties would be seriously interfered with by participation in a general motor pool, is believed to be rectified by committee amendment which places this authority in the President in the event of a disagreement between GSA and the agency involved. The objection raised concerning the inclusion of office equipment for pooling purposes, was resolved by striking 'office equipment' from the bill."

BILLS INTRODUCED

15. WATER RESOURCES. S. 3552, by Sen. Butler, Nebr., to authorize the Secretary of the Interior to investigate and report to Congress on the conservation, development, and utilization of the water resources of Alaska; to Interior and Insular Affairs Committee (p. 7171).
16. UNEMPLOYMENT COMPENSATION. S. 3553, by Sen. Douglas (for himself and others), to revise the unemployment insurance program; to Finance Committee (p. 7171). Remarks of author (pp. 7171-5). Also H. R. 9430, by Rep. Forand; to Ways and Means Committee (p. 7223). Remarks of author (pp. A4167-73).

years ago, which passed the Senate. It was not passed by the House, because Members of that body thought the bill dealt with oceangoing mail. This time we are trying to eliminate from the bill reference to oceangoing mail. I do not wish to have that language in the bill. I am perfectly willing and agreeable to limit the bill to inland waters, but when that is done, boats using inland waters in Hawaii and Alaska would be discriminated against, and such waters are so distinguished in the bill, as the Senator has read.

The powerboat mail-carrying ships are ships used for carrying mail on waters in this country. Contracts with oceangoing liners are not involved.

I believe that we might as well accept the amendment, although if that is done, to my regret, we may discriminate against carriers in the inland waters of Hawaii, Puerto Rico, and Alaska. I think the amendment, if the Senator from Tennessee wishes to press the matter, might be deleted.

Mr. GORE. Mr. President, we all seem to agree that the amendment of the committee should not be adopted.

The PRESIDING OFFICER (Mr. BARRETT in the chair). The question is on agreeing to the amendment of the committee.

The amendment was rejected.

The PRESIDING OFFICER. If there are no further amendments to be offered, the question is on the engrossment and third reading of the bill.

The bill (S. 361) was ordered to be engrossed for a third reading, read the third time, and passed.

HOUSING ACT OF 1954

Mr. BUSH. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1485, which is house bill 7839.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

RECESS

Mr. BUSH. Mr. President, the distinguished Senator from Indiana [Mr. CAPEHART] who is in charge of the bill, is not in the Senate Chamber at the present time. The Senator from Indiana will make the opening statement, but he will not be present before 2 o'clock.

Unless Senators wish to speak on other matters, I shall make a motion that the Senate take a recess until 2 o'clock today. However, if any Senator wishes to speak, I shall withhold the motion.

If there be no such requests, I now move that the Senate stand in recess until 2 o'clock p. m.

The motion was agreed to; and (at 1 o'clock and 3 minutes p. m.) the Senate took a recess until 2 o'clock p. m.

On the expiration of the recess, the Senate reassembled and was called to order by the Presiding Officer (Mr. PAYNE in the chair).

MENOMINEE INDIAN TRIBE OF WISCONSIN—CONFERENCE REPORT

Mr. WATKINS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2828) to amend the act of Congress of September 3, 1935 (49 Stat. 1085), as amended. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2828) to amend the act of Congress of September 3, 1935 (49 Stat. 1085), as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the House recede from its disagreement to the amendment of the Senate to the text of the bill, and agree to the same with an amendment, as follows: In lieu of the matter inserted by the Senate amendment, insert the following:

"That the purpose of this Act is to provide for orderly termination of Federal supervision over the property and members of the Menominee Indian Tribe of Wisconsin.

"Sec. 2. For the purposes of this Act—
"(a) 'Tribe' means the Menominee Indian Tribe of Wisconsin;

"(b) 'Secretary' means the Secretary of the Interior.

"Sec. 3. At midnight of the date of enactment of this Act the roll of the tribe maintained pursuant to the Act of June 15, 1934 (48 Stat. 965), as amended by the Act of July 14, 1939 (53 Stat. 1003), shall be closed and no child born thereafter shall be eligible for enrollment: *Provided*, That applicants for enrollment in the tribe shall have three months from the date the roll is closed in which to submit applications for enrollment: *Provided further*, That the tribe shall have three months thereafter in which to approve or disapprove any application for enrollment: *Provided further*, That any applicant whose application is not approved by the tribe within six months from the date of enactment of this Act may, within three months thereafter, file with the Secretary an appeal from the failure of the tribe to approve his application or from the disapproval of his application, as the case may be. The decision of the Secretary on such appeal shall be final and conclusive. When the Secretary has made decisions on all appeals, he shall issue and publish in the Federal Register a Proclamation of Final Closure of the roll of the tribe and the final roll of the members. Effective upon the date of such proclamation, the rights or beneficial interests of each person whose name appears on the roll shall constitute personal property and shall be evidenced by a certificate of beneficial interest which shall be issued by the tribe. Such interests shall be distributable in accordance with the laws of the State of Wisconsin. Such interests shall be alienable only in accordance with such regulations as may be adopted by the tribe.

"Sec. 4. Section 6 of the Act of June 15, 1934 (48 Stat. 965, 966) is hereby repealed.

"Sec. 5. The Secretary is authorized and directed, as soon as practicable after the passage of this Act, to pay from such funds as are deposited to the credit of the tribe in the Treasury of the United States \$1,500 to each member of the tribe on the rolls of the tribe on the date of this Act. Any other person whose application for enrollment on the rolls of the tribe is subsequently ap-

proved, pursuant to the terms of section 3 hereof, shall, after enrollment, be paid a like sum of \$1,500: *Provided*, That such payments shall be made first from any funds on deposit in the Treasury of the United States to the credit of the Menominee Indian Tribe drawing interest at the rate of 5 per centum, and thereafter from the Menominee judgment fund, symbol 14X7149.

"Sec. 6. The tribe is authorized to select and retain the services of qualified management specialists, including tax consultants, for the purpose of studying industrial programs on the Menominee Reservation and making such reports or recommendations, including appraisals of Menominee tribal property, as may be desired by the tribe, and to make other studies and reports as may be deemed necessary and desirable by the tribe in connection with the termination of Federal supervision as provided for hereinafter. Such reports shall be completed not later than December 31, 1957. Such specialists are to be retained under contracts entered into between them and authorized representatives of the tribe, subject to approval by the Secretary. Such amounts of Menominee tribal funds as may be required for this purpose shall be made available by the Secretary.

"Sec. 7. The tribe shall formulate and submit to the Secretary a plan or plans for the future control of the tribal property and service functions now conducted by or under the supervision of the United States, including, but not limited to, services in the fields of health, education, welfare, credit, roads, and law and order. The Secretary is authorized to provide such reasonable assistance as may be requested by officials of the tribe in the formulation of the plan or plans heretofore referred to, including necessary consultations with representatives of Federal departments and agencies, officials of the State of Wisconsin and political subdivisions thereof, and members of the tribe: *Provided*, That the responsibility of the United States to furnish all such supervision and services to the tribe and to the members thereof, because of their status as Indians, shall cease on December 31, 1958, or on such earlier date as may be agreed upon by the tribe and the Secretary.

"Sec. 8. The Secretary is hereby authorized and directed to transfer to the tribe, on December 31, 1958, or on such earlier date as may be agreed upon by the tribe and the Secretary, the title to all property, real and personal, held in trust by the United States for the tribe: *Provided, however*, That if the tribe obtains a charter for a corporation or otherwise organizes under the laws of a State or of the District of Columbia for the purpose, among any others, of taking title to all tribal lands and assets and enterprises owned by the tribe or held in trust by the United States for the tribe, and requests such transfer to be made to such corporation or organization, the Secretary shall make such transfer to such corporation or organization.

"Sec. 9. No distribution of the assets made under the provisions of this Act shall be subject to any Federal or State income tax: *Provided*, That so much of any cash distribution made hereunder as consists of a share of any interest earned on funds deposited in the Treasury of the United States pursuant to the Supplemental Appropriation Act, 1952 (65 Stat. 736, 754), shall not by virtue of this Act be exempt from individual income tax in the hands of the recipients for the year in which paid. Following any distribution of assets made under the provisions of this Act, such assets and any income derived therefrom in the hands of any individual, or any corporation or organization as provided in section 8 of this Act, shall be subject to the same taxes, State and Federal, as in the case of non-Indians, except that any valuation for purposes of Federal income tax on

gains or losses shall take as the basis of the particular taxpayer the value of the property on the date title is transferred by the United States pursuant to section 8 of this Act.

"SEC. 10. When title to the property of the tribe has been transferred, as provided in section 8 of this Act, the Secretary shall publish in the Federal Register an appropriate proclamation of that fact. Thereafter individual members of the tribe shall not be entitled to any of the services performed by the United States for Indians because of their status as Indians, all statutes of the United States which affect Indians because of their status as Indians shall no longer be applicable to the members of the tribe, and the laws of the several States shall apply to the tribe and its members in the same manner as they apply to other citizens or persons within their jurisdiction. Nothing in this Act shall affect the status of the members of the tribe as citizens of the United States.

"SEC. 11. Prior to the transfer pursuant to section 8 of this Act, the Secretary shall protect the rights of members of the tribe who are less than eighteen years of age, non compos mentis, or in the opinion of the Secretary in need of assistance in conducting their affairs, by causing the appointment of guardians for such members in courts of competent jurisdiction, or by such other means as he may deem adequate.

"SEC. 12. The Secretary is authorized and directed to promulgate such rules and regulations as are necessary to effectuate the purposes of this Act.

"SEC. 13. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be affected thereby."

And the Senate agree to the same.

Amend the title to read as follows: "To provide for a per capita distribution of Menominee tribal funds and authorize the withdrawal of the Menominee Tribe from Federal jurisdiction."

HUGH BUTLER,
ARTHUR V. WATKINS,
HENRY C. DWORSHAK,
CLINTON P. ANDERSON,

Managers on the Part of the Senate.

WESLEY A. D'EWART,
WILLIAM HENRY HARRISON,
E. Y. BERRY,
WAYNE N. ASPINALL,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSON of Texas. Mr. President, the conference report is a unanimous report. The distinguished Senator from Utah [Mr. WATKINS] has discussed it with the majority leader [Mr. KNOWLAND] and with the minority leader. We have no objection, and hope the report will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

VISIT TO THE SENATE BY REPRESENTATIVES OF THE TURKISH REPUBLIC

Mr. WILEY. Mr. President, I have the distinct honor and privilege today, on behalf of the Senate, to welcome a group of distinguished representatives of the Turkish Republic, a nation which

has our sincere friendship and admiration, a brave people.

In its brief 30-year history the Turkish Republic has earned for itself a position of esteem among the free nations of the world. Its people have a strong sense of patriotism and self-reliance, and stand firm in the face of threats from the Kremlin. Turkey is an active member of the United Nations and of NATO, and its adherence to the principle of collective security has been outstandingly demonstrated by the sacrifices of its gallant forces in Korea.

Mr. President, it gives me great pleasure to present to you and to the entire Senate a leader of the Turkish political party which a month ago was returned to power by an overwhelming majority of the electors. I present His Excellency Adnan Menderes, Prime Minister of the Turkish Republic. [Prolonged applause, Senators rising.]

Mr. President, there accompanies the Prime Minister, His Excellency Fatin Rustu Zorlu, Deputy Prime Minister. [Applause.]

There also accompanies him, His Excellency Etem Menderes, Minister of National Defense. [Applause.]

There also accompanies him, His Excellency Nuri Birgi, Under Secretary General of the Foreign Office. [Applause.]

Mr. President, we are also privileged to have in the Senate Chamber today His Excellency Feridun C. Erkin, Ambassador from Turkey; and our own Ambassador to Turkey, Hon. Avra M. Warren. [Applause.]

Mr. KNOWLAND. Mr. President, I should like to join in the remarks of greeting which have been made by the distinguished chairman of the Foreign Relations Committee. I think all Americans, and in particular, all Members of the Congress of the United States, regardless of the side of the aisle on which they may sit, recognize that Turkey has been a great and true ally and one of the nations which is determined to help maintain a free world of freemen.

In the recent fighting in Korea the Republic of Turkey furnished one of the largest contingents in that collective security action to prevent Communist aggression from overcoming a small free nation, the Republic of Korea. I believe that all Americans, both those who were in the United States at the time and those who fought in the Korean war, can certify to the stout character and the great and valued friendship of the nation which is represented here today by her distinguished Prime Minister and members of his Cabinet. [Applause.]

Mr. JOHNSON of Texas. Mr. President, I wish to join with my colleagues, the distinguished majority leader, and the chairman of the Foreign Relations Committee of the Senate, in welcoming to this Chamber the distinguished Prime Minister of Turkey and members of his Cabinet. The feeling of the people of the United States for the people of Turkey is one of sincere admiration and profound respect.

It was under a Democratic administration that the Greek-Turkish aid policy was enunciated, but it was not a pol-

icy of the Democrats alone. On the contrary, it was a policy of all Americans, who believe in a free world and are willing to join and contribute strength to those who hold similar beliefs.

So, Mr. President, it is a high honor and a great privilege to have with us in this Chamber the distinguished Prime Minister of Turkey and members of his Cabinet. May mutual friendship between our countries long endure. [Applause.]

Mr. CAPEHART. Mr. President, I, too, wish to say that we appreciate very, very much the visit to the Senate today by the distinguished Prime Minister of Turkey and members of his Cabinet. We are very glad to welcome them. We wish them to know that we believe in them and wish to cooperate with them. In short, Mr. President, we wish to say to them, "We like the way you comb your hair." [Laughter.] We wish to be friends. [Applause.]

HOUSING ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

Mr. CAPEHART obtained the floor.

Mr. KNOWLAND. Mr. President, will the Senator yield, so that I may suggest the absence of a quorum?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. I suggest the absence of a quorum, with the understanding that the Senator from Indiana does not lose his right to the floor.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment of the committee.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert an amendment in the nature of a substitute.

(For the amendment of the Committee on Banking and Currency, see pp. 6875 to 6891, CONGRESSIONAL RECORD of Friday, May 28, 1954.)

Mr. CAPEHART. Mr. President, on March 9 your committee, the Senate Committee on Banking and Currency, commenced hearings on the Housing Act of 1954. The hearings were extensive; they continued over the course of 5 weeks, and comprise 2,029 printed pages. Testimony was received from Government witnesses, experts in the fields of housing, mortgage financing, and numerous other persons and groups affected by the various provisions of the bill. After many, many hours of listening and deliberating, this bill, to aid in the preservation and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, was reported to the Senate.

Mr. President, I may say that in the committee the vote in favor of reporting the bill was unanimous, on the part of all 15 members.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. MAYBANK. In voting to report the bill to the Senate, there were reservations of the right to vote against any particular amendment or amendments, of course.

Mr. CAPEHART. Yes. Of course, every Senator has that right at all times; and a few members of the committee so stated in the committee.

Mr. MAYBANK. I mention that only because of the realization on the part of Senators on both sides of the aisle—and I think the distinguished chairman of the committee will agree with me—of the very important effect of this housing measure for the good of the country. We thought the bill should be reported to the Senate, so it could become law before many of the titles of the present Housing Act expire, this month. We cooperated 100 percent.

Let me say that I appreciate the statement the chairman of the committee has made.

Mr. CAPEHART. Of course, there were many features of the bill on which the committee members were divided. Many votes were taken in the course of the deliberations of the committee; and in many cases the members voted in opposite directions, some voting in favor of public housing and others voting against it. However, my point is that in the committee, when the time came to decide on reporting the bill to the Senate, the vote in favor of reporting it was unanimous, though, of course, that does not imply that either I or any other members of the committee personally agree with everything contained in the bill.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. MAYBANK. I believe the distinguished chairman of the committee will agree with me when I say I think there was more disagreement regarding title I of the bill than there was regarding any of the other titles.

However, the chairman of the committee is eminently correct when he says that all members of the committee voted to report the bill to the Senate. On the other hand, as he has said, the members reserved the right to express their individual judgment on the various provisions of the bill. We voted to report the bill, so that it could be passed promptly and so there could be a conference with the House of Representatives in sufficient time. No doubt the conference will require some time, because there are such totally different views regarding various provisions of the bill. Does the chairman of the committee agree with me as to that?

Mr. CAPEHART. Yes.

Mr. President, the bill which has been reported to the Senate is a liberal one and a fair one, and in it every effort was made not only to promote and facili-

tate home ownership and to provide decent rental accommodations for our low-income and middle-income groups, but also to protect, first of all, the interest of the consumer and the homeowner.

The bill substantially follows the President's recommendations contained in his message to Congress on housing, on January 5, 1954. The President's recommendations were based, to a large extent, on the comprehensive findings and recommendations of the President's Advisory Committee on Housing.

The bill should facilitate and encourage the construction of more and better homes in our cities, suburbs, and farm areas for the moderate-income and low-income groups who are most in need of better housing. It should encourage the removal of slums in cities, and for the first time, should provide an organized and intelligent method to prevent the spread of the blight of slums.

Mr. President, I should like to comment for a moment on the provisions of the bill in regard to the elimination and prevention of slums. I believe these provisions are among the finest contained in the bill. In this bill we are, for the first time, attacking the roots of slums and seeking to preserve from the blight of slum areas and sections of cities that in the years to come, and perhaps before many years, otherwise will become slums. In short, by means of this bill we are attempting to prevent the development of slums. The bill contains several excellent sections to that end. I believe this is one of the finest features of the bill, for if we can succeed in what we are trying to do in respect to preventing the development of slums, there will be no need in the years to come for public housing in the field of slum clearance.

The bill will establish an organized method of pooling the initiative, resources, and responsibilities of our major mortgage investment institutions for the purpose of providing a more even flow of housing funds, especially in areas which are unable to provide such funds from local sources. That is another feature of the bill which I like very much. A voluntary plan will be established by lenders to funnel money into areas where there is a shortage of money at any given time. I think the voluntary plan we have provided for in the bill will work effectively. It is another fine feature of the bill.

The bill will provide for the first time a Federal program which will stimulate and encourage a coordinate attack by local, State, and Federal governments and industry upon the smoke and air-pollution problem. That is another fine feature of the bill. It is a new feature. It represents an attempt to coordinate efforts and to obtain cooperation between local governments, State governments, and the Federal Government in the elimination of smoke and air pollution. That certainly is a Federal matter. When smoke rises into the air it travels over rivers and State lines. No State or community can handle the smoke problem without the cooperation of everyone. For the first time in the history of the Nation the Federal Government is taking an interest in trying to abate the smoke nuisance. It does

no good to build new homes and then have them ruined by smoke. If we are to eliminate slums in cities, we shall likewise have to eliminate smoke and smog. To this end the bill provides a beginning in the direction of providing aid on the part of the Federal Government, in cooperation with local and State authorities.

Furthermore, defects and avenues of probable abuse in connection with existing and new housing programs, which were brought to the attention of the committee, were considered and by the addition of various provisions it is hoped that they will be eliminated.

IRREGULARITIES AND ABUSES

During the committee's deliberations on the bill, there were widely publicized charges that irregularities had been perpetrated under certain sections of the National Housing Act, particularly with reference to home improvement loans and multifamily rental projects.

Your committee immediately undertook an investigation to determine the type of such abuses and irregularities, with the primary purpose of eliminating, insofar as possible, their continuance under any of the provisions of the bill.

The heads of governmental agencies and interested parties representing borrowers, mortgagees, and the public who appeared before the committee were requested to give the committee the benefit of their advice concerning the abuses which had taken place in the past and what amendments were necessary to the bill as it passed the House to prevent the recurrence of similar abuses in the future. All constituent divisions of the Housing and Home Finance Agency, comprised of the Federal Housing Administration, Division of Slum Clearance and Urban Redevelopment, Public Housing Administration, the Home Loan Bank Board, Federal National Mortgage Association, and the Division of Community Facilities and Special Operations, were requested to review the subject and advise the committee in respect to the safeguards in the existing law, in the agency regulations, and in the administration of the law and regulations to see that the programs were fully protected against abuses and irregularities.

As a result of the hearings held by the committee and advice received from HHFA and FHA and constituent divisions certain changes were made in the bill to close all apparent loopholes in the various housing laws and their administration that came to the attention of the committee. The committee is undertaking an extensive and comprehensive investigation of the administration of the various housing acts to ferret out and discover the abuses and irregularities which apparently existed in the past. It is quite conceivable that this investigation will bring to light matters which will require future changes in the law and its administration. The committee is cooperating with the Housing and Home Finance Agency and, insofar as it is humanly possible, I assure this body

that no further abuses and irregularities will be allowed to develop.

In that connection, let me say that after we had closed our hearings on the bill, and after the House had passed the bill, the alleged irregularities were disclosed in the press. That disclosure was initiated by the President of the United States, and following the disclosure, we immediately proceeded with hearings, and many hearings were held, as I have stated.

We have written into the bill what we believe to be sufficient safeguards against the occurrence of irregularities in the future. I desire to be perfectly frank. We are not certain that that will be the case. We did not have as much time as we possibly should have had to investigate the entire subject and hold public hearings. We did the best we could, and we think we did pretty well. We shall continue to investigate the subject during the remainder of the year, and we assure this body that when next January 1 rolls around, if by that time our investigation and study prove that we have not closed all the loopholes in the present law, we shall immediately come before the Senate with additional recommendations. It will be perhaps a little difficult to close all the loopholes in one effort. We shall have to study the situation very carefully. I am hopeful that Members of this body will accept our recommendations in the bill with respect to the loopholes.

We are not putting the bill forward as the last word. It may well be that it is not. However, we did have the benefit of some hearings on the subject.

COMMITTEE AMENDMENTS TO AVOID ABUSES

Your committee, as a result of its hearings on the alleged abuses and irregularities, adopted certain tightening amendments. In brief these amendments are:

First. The FHA property improvement and repair loan program, title I of the National Housing Act, was amended so that the lending institutions will be required to be coinsurers of each loan to the extent of 20 percent. The previous system provided 10-percent insurance on the aggregate amount of all loans of an institution, and for all practical purposes this provided the lender 100-percent protection against any loss. The coinsurance feature of this bill, it is believed, will make the lending institution more selective in its loans and thus provide protection for the borrowers.

The law under which we are operating at the moment, and the law under which we have been operating since 1934, namely, title I, provides for insurance by the Federal Government of 10 percent of the total amount of the loans. Thus, if a bank insured \$1 million worth of title I loans, it would have a reserve fund of \$100,000. Unless the losses were more than \$100,000, the Government would take all the loss. For all practical purposes, that simply meant that the Federal Government was guaranteeing 100 percent of such loans. What we are recommending is that the lender absorb 20 percent of the loss on each individual loan. Under the old system, which has been in effect since 1934, it was 10 per-

cent of the total loans made. The reserve pyramided. The more loans there were, the greater was the reserve. For example, if a bank did \$1 million worth of business, it had a \$100,000 reserve; and if the losses were \$90,000, the Federal Government would take all the loss. If the losses were \$100,000, the Federal Government would absorb the \$100,000. Under the system proposed by the bill, if the losses were \$100,000, the Federal Government would assume \$80,000, and the lender would assume \$20,000.

That is perhaps not the chief strength of our amendment. Its main strength lies in the fact that, with respect to each individual loan, the Government takes 80 percent of the loss and the bank, or the lender, 20 percent, which means that if the bank makes a single bad loan, the bank must absorb 20 percent of the loss, and the Federal Government will insure only 80 percent. We think that provision will probably eliminate most of the defects.

The type of eligible loans for improvements are, by this bill, limited to those which substantially protect or improve the basic livability and utility of the property. Such items as swimming pools and dog kennels will thus be eliminated from eligibility for loans.

I may say title I became law in 1934, approximately 18 years ago, and has been in the act ever since. It was in the act during World War II. There is no question at all in my mind that in 1934—and I was not a Member of Congress at the time—Congress intended that FHA should insure only such improvements as had to do with the house, that is, with the basic livability and utility of the property; in other words, such improvements as a new roof, or new floors or ceilings, or painting, or other improvements affecting the house itself, and which the person living in a house ordinarily understands to be improvements or repairs. In other words, what was meant was the physical repairing of a house. That is all that I believe was intended to be insured under title I.

However, we were amazed to learn, from the testimony of the Director of the Agency, that there was a list covering between 500 and 600 items which the Agency was insuring. For example, it has been insuring fire-alarm systems, television antennas, swimming pools, and barbecue pits. I could go on and on with a listing of similar items.

It reached such a point that manufacturers would come to the agency with their products and ask FHA to insure them.

I do not believe that was the intention of Congress when it approved title I. According to the way the bill has been written by the committee, and with the instructions the committee would give to FHA, that sort of thing simply could not happen in the future. Such loans would be limited to home repairs, in the sense that we understand home repairs to be, and no frills would be permitted. FHA has been insuring durable goods of all kinds. I do not believe it was ever the intention of Congress to insure such items. I was amazed that FHA had been doing that sort of thing for many years. We have so tightened the provi-

sions of the title that there can be no question at all that such loans are limited to what we call normal home repairs.

A number of other strengthening and consumer-protecting amendments, together with administrative rules recently adopted by FHA, should eliminate the abuses of sharp operators which have led to considerable criticism of this program.

Second. Cost certification amendments were added to all the sections of the Housing Act which appeared susceptible to the abuse of allowing the builder a windfall profit out of the proceeds of the mortgage loan. This new cost certification amendment requires that the mortgagor certify the actual cost of building the insured project, and further requires that the insured mortgage may be not more than the designated percentage of the cost allowed under the program. Any money received by the builder over and above this percentage must be applied to a reduction of the mortgage. All sections of the bill that provide in any manner for rental housing were amended to include this cost certification. These sections include 207, 213, 220, 221, 803, 903, and 908 of the Housing Act.

I do not believe there can be any question that we have completely eliminated the so-called windfall profits. As I said, the requirement to which I have referred has been written into all sections of the bill that pertain to the subject, and those sections include 207, 213, 220, 221, 803, 903, and 908 of the Housing Act.

In other words, on the completion of a project the builder must ascertain his cost and he must certify the costs to the FHA. Then the FHA will insure 80 percent, 85 percent, 90 percent, or 95 percent of the value based on the actual cost.

If the appraisal and commitment made by FHA in advance—and that practice of the FHA will be continued—should be more than the percentage of the actual cost, the mortgage would be reduced in that exact amount.

We believe this section of the act cannot be tightened any more than we have tightened it. Certainly it will eliminate all the so-called windfall profits. If we have not tightened it sufficiently—and we certainly intended to tighten it as much as it could possibly be tightened—and if anyone can tell us how we can tighten it even more, we shall be delighted to try to do so.

Mr. President, I do not believe it was ever the intention of Congress that under section 608 anyone should receive any windfall profits. By the way, section 608 became law in 1940, and was eliminated in 1950.

Third. In section 213, which is the cooperative-housing section, the basis for insurance is changed from "estimated replacement cost" in existing law to "estimated value," a much more conservative method of determining the mortgage amount FHA will insure.

Fourth. Provision is made for the certification by the builder or seller of FHA or VA sale housing that the dwelling was constructed in conformity with the plans and specifications.

In my opinion it is very important that attention be called to that fact. We have

written into the bill a provision that the builder or seller of an FHA or CA sale house shall certify that the dwelling was constructed in conformity with the plans and specifications.

As Senators know, builders may go to an FHA office and submit plans and specifications for X number of houses. If the FHA office approves the plans and specifications, the builders are given a commitment under which the FHA will insure the mortgage when the homes are completed. We have written into the bill a provision that the builder must file with FHA a certification that the dwelling was constructed in conformity with the plans and specifications.

There were other amendments made to the bill, of a nature designed to eliminate and prevent various other abuses and irregularities in the administration of the several housing programs.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SMITH of New Jersey. I may say that I am very much interested in the Senator's presentation. Many of us were very much concerned about the irregularities which have been reported, and I am glad to hear the presentation being made by the chairman of the committee, and his statement of how it is planned to correct such abuses and irregularities.

Mr. CAPEHART. I thank the Senator. We do not say that we have brought forth a perfect bill. I do not suppose it is a perfect bill. If we had had more time, we might have done a better job, although I doubt it. In any event we shall continue to study the problem, and we shall be back on January 1 to correct any omissions or errors on the part of the committee which may become apparent as a result of our further study.

We are interested in eliminating all possibility of any irregularity happening in the future. At the same time, we must give a great deal of thought, in handling this subject, that we do not kill FHA. I do not believe anyone wants to destroy FHA. I do not believe anyone wants to do anything which will hurt housing. On the other hand, as I said many times during the hearings, so far as I am concerned it would be better to have no housing at all than to obtain housing on a crooked basis. If we cannot get housing honestly, I would prefer that we make no provision for housing. Certainly, we do not want to see home builders fleeced. Therefore, I say it would be better to have people live in tents than to permit corruption to exist in the housing field. While there have been altogether too many irregularities, it must be remembered that in proportion to the total involved they represent a very small percentage. On the other hand, tens of thousands of builders and mortgagors and other honest people have benefited from the program. It is a case of a small dishonest minority creeping into a situation to spoil it for the majority.

Mr. President, I shall now make a brief summary of the bill.

FHA IMPROVEMENT AND REPAIR LOANS

First. Under the bill as reported, existing terms and maturities are continued—

maximum amount \$2,500, maturity 3 years, 32 days; multifamily—maximum amount \$10,000, terms 7 years, 32 days.

In other words, Mr. President, the House increased the time to 5 years and 32 days and increased the amount from \$2,500 to \$3,000. We decided to leave the amount as it is in the present law, namely, \$2,500, and to retain the time as it is in the existing law.

Second. It provides maximum insurance to lender of 80 percent of loss of each individual loan.

Third. It limits type of loans to improvements which substantially protect or improve the basic livability and utility of property.

Fourth. It incorporates certain consumer-protecting regulations recently adopted by the FHA.

One of those regulations is that a bank cannot advance money prior to the end of a 6-day waiting period. Banks have been loaning money on the same day the dealer brought in the signed papers. It is required that banks must certify that they have talked to the lender and they must have a certificate showing delivery or installation. There are other features involved on which I shall not elaborate at this time.

Fifth. It authorizes insured loans for the purchase of trailer coach mobile dwellings—maximum amount \$6,000, maturity not to exceed 6 years, 20 percent downpayment by borrower, and insurance is limited to 75 percent of any loss.

FHA SALES HOUSING PROGRAM

It liberalizes present terms by allowing maximum ratio of loan to value up to 95 percent of first \$8,000, and 75 percent in excess of \$8,000. Extends maximum maturity to 30 years.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. As the Senator knows, I must attend a meeting of the Appropriations Committee in a few moments, and I have not had an opportunity fully to study the liability of the Government in connection with the insurance outstanding. Am I incorrect in saying that, under section 608, there is outstanding approximately \$33 billion at this time?

Mr. CAPEHART. It is approximately \$30 billion.

Mr. MAYBANK. How much more liability does the Senator believe will accrue with reference to insurance under the pending bill?

Mr. CAPEHART. Two and a half billion dollars is the maximum amount under the law.

Mr. MAYBANK. It runs for many years, does it not?

Mr. CAPEHART. It runs from year to year, as Congress may authorize it.

Mr. MAYBANK. The Government has now guaranteed \$33 billion. I wanted to have the figures clearly in my mind. The bill would add \$2,500,000,000 more?

Mr. CAPEHART. That is correct.

Mr. MAYBANK. So the total is approximately \$35½ billion.

Mr. CAPEHART. That is correct.

Mr. MONRONEY. Mr. President, will the Senator from Indiana further yield?

Mr. CAPEHART. I yield.

Mr. MONRONEY. Can the Senator tell us how much reserve has been created in the percentage that goes to FHA to pay possible loans?

Mr. CAPEHART. Approximately \$250 million.

Mr. MONRONEY. That amount has been created as a reserve?

Mr. CAPEHART. Yes.

Mr. MAYBANK. Mr. President, will the Senator from Indiana further yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. I should like to say to the Senator from Oklahoma that I had no intention of criticizing the FHA program. I think it is a good program. If the Government had not guaranteed the loans, in many instances, the great mortgage companies and builders would never have constructed the tremendous amount of housing which has been built.

Mr. CAPEHART. Mr. President, under the bill in the FHA sales housing program present maximum loans on individual and 2-family houses are increased from \$16,000 to \$18,000; on 3-family houses from \$20,500 to \$24,000; on 4-family houses from \$25,000 to \$30,000.

Again, Mr. President, we are not only increasing the percentage of the loans, but we are likewise increasing the amount. That is why I said at the beginning that this is the most liberal housing bill which has ever been reported to the Senate. It is more liberal than any law on the subject we have had in the past.

It retains existing loan-to-value ratio on existing housing and reduces the maximum maturity of a loan on existing houses by 1 year for each year during the first 10 years following the completion of the dwelling.

As Senators know, the FHA has the right, under existing law, to insure old houses, and this bill would continue that right under a little different formula.

RENTAL AND COOPERATIVE HOUSING

New cost certification is extended to all rental type housing. Section 207 increases the per-room mortgage amount on elevator type structures from \$2,000 to \$2,400.

It removes \$10,000 maximum mortgage amount.

As I stated a moment ago, we have eliminated the possibility of windfall profits.

Section 213 changes the basis for determining the mortgage amount from estimated replacement cost to estimated value.

The bill increases mortgage amounts from \$1,850 up to \$2,250 in nonveteran cooperatives. In elevator-type housing it allows up to \$2,700 in nonveteran and \$2,850 for veteran housing. If located in an urban redevelopment or renewal area, which area is also determined to be a high-cost area, the maximum mortgage limit can be increased by \$1,000 per room.

There, again, the bill is more liberal than anything we have had in the past, because we have increased the amount.

HOUSING TO FACILITATE URBAN RENEWAL PROGRAM

Section 220 is a new section. Its purpose is to assist in rehabilitation of

existing dwellings and construction of new dwellings in urban renewal areas.

It provides for a mortgage amount of 90 percent of the estimated value.

Maximum mortgage amount \$2,250 per room and \$2,700 for elevator type, with an increase in the maximum mortgage amount of \$1,000 per room when it is determined to be in a high-cost area.

Loans on existing houses, where mortgage is held by a nonprofit or a governmental instrumentality, are the same as for-sale housing, except in the case of 4-family units there is allowed \$30,000 plus \$6,000 for each additional unit.

A new section, section 221, has been included in the bill. This new section is available to families displaced by slum clearance or governmental action where communities request it and an acceptable program is proposed. The section provides:

First. Loan to value ratio is 95 percent for new housing, and 90 percent on existing housing, except when mortgagor is nonprofit or governmental agency in which case loan may be for 95 percent on either new housing or existing housing.

Second. Mortgage amount not to exceed \$7,600 for each house, \$1,000 more in high-cost areas. Maturity of loan 30 years.

Third. Builder may be allowed 85-percent loan.

The original bill, as passed by the House, provided for a 100 percent guaranty and 40 years for maturity of loans. The Senate committee reduced the guaranty to 95 percent, and the maturity of loans to 30 years.

I might say in that respect, as I said in my opening remarks, that this provision affords an opportunity for Congress, in cooperation with cities and States, to prevent slums from development in the future. It is a new section, which permits the Federal Government, in cooperation with cities and the States, to rebuild a section of a city which has become blighted. Let me be a little more specific. Such situations occur in every city of the United States, both small and large. Residential areas exist in downtown sections, and when a city expands and the population moves from old houses to new houses in the suburbs, the old houses often become dilapidated. This situation exists in every community in the United States, no matter how large or how small it may be. Eventually, the older sections become slum areas.

What is sought to be done under the new section, in cooperation with the cities and the States, is to rehabilitate or rebuild the old houses and make them livable. The purpose is to clean up the older sections of cities and to prevent them from becoming slums. The Federal Government, in cooperation with cities and States, will be enabled to devise plans for the rehabilitation of the older areas. This section of the bill will become operative only when a city agrees to adopt acceptable ordinances and plans.

The section applies to multihome ownership as well as to individual home ownership.

In my judgment, this is one of the fine features of the bill, because it affords an opportunity to rehabilitate present slum areas and to prevent slums from developing in the future. Why wait until slum conditions exist? Let us eliminate the cause of slums. Then there will be no slums in the future. That is what is proposed to be accomplished by this new section of the bill. Whether it will be accomplished will depend on the experience which will result. In any event, an effort is being made toward this end, and I think with excellent prospects of success.

The proposal was particularly recommended by the President's commission and by the President himself. In fact, I know of no member of the committee who is opposed to it. The time of maturity has been reduced from 40 years to 30 years, and the amount of the guaranty has been reduced from 100 percent to 95 percent.

The next section, section 222, is a new section of the Housing Act. It permits servicemen and members of the United States Coast Guard to obtain 95 percent guaranteed FHA loans on homes, and further provides that the Department of Defense and the Secretary of the Treasury shall pay the insurance premiums on these homes.

What is sought to be done, and it is something new, is to place servicemen and members of the United States Coast Guard on the same basis as veterans. For example, when a veteran buys a home under the VA program, he gets better terms than does a person in the service under the FHA. So what is proposed to be done is to place the person who is in the service and the member of the Coast Guard on exactly the same basis as the veteran, because the person in the service, while he is not yet a veteran, will some day be a veteran. The committee felt that persons in the armed services and in the Coast Guard should have the same privileges and should be placed on the same footing as persons who have been discharged. Under existing law, that has not been the case.

The next section relates to slum clearance and urban redevelopment.

All amendments are designed primarily to broaden and redirect the present programs for slum clearance and redevelopment so as to assist not only the communities in clearing their slums, as is presently provided, but to prevent their spread by rehabilitating and improving blighted, deteriorated, or deteriorating areas.

The criteria, terms, and definitions of title I of the Housing Act of 1949 are changed in accordance with the broader scope of the program. In these larger areas, known as urban renewal areas, there could be carried out—in addition to slum clearance and redevelopment now authorized—plans for voluntary repair and rehabilitation of buildings, clearance of deteriorated structures, and reconstruction of streets and other necessary improvements.

Requirements with respect to local responsibility and local action would be strengthened and increased.

Those are the things about which I was speaking a moment ago, when I said they were the finest features of the bill. Senators who have been critical, and may still be critical, of the 100-percent guaranty and of the 40 years maturity provision, and who may be critical, even, of the reduction to 95 percent and to 30 years, should remember that what is sought to be done in this instance is in the future to make unnecessary public housing and slums.

While it may seem exceptionally liberal, and possibly not good, common horsesense from a business standpoint, to provide even for a guaranty of 95 percent and a maturity of 30 years, it is necessary to look beyond that, because what we are seeking to do, if it will work, is to eliminate the need for public housing. That is the purpose of the section. When persons are forced out of their homes, as a result of slum-clearance programs or as a result of new street and highway programs, they will come under this particular section, which provides for long-term maturity and low down-payments.

The $\frac{2}{3}$ to $\frac{1}{3}$ formula for Federal local grants now in the law is not changed. However, in the gross project cost it is possible to include, in addition to the items now included, expenditures for carrying out plans for voluntary repair and rehabilitation and the acquisition of property for the broader purposes indicated above, as well as for the installation, construction, and reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary to carry out the urban renewal plan.

That is what I have been speaking about. This formula will enable cities, in cooperation with the Federal Government, to carry out plans for the rehabilitating of old houses and for the building of parks, playgrounds, and similar areas on the land from which slums are eliminated.

The next section is the public housing section.

First. The bill repeals the limitation in previous independent offices appropriation acts restricting the construction of housing units and restores the program to the provisions authorized by the Housing Act of 1949. These provisions set an overall limitation of 810,000 units for the life of the program. Remaining of this number are an estimated 617,000 units.

Second. Extends preference for admission to public housing to those displaced by governmental action.

Third. Ten percent payment in lieu of taxes made mandatory.

Fourth. Permits localities to charge full taxes, provided they make up difference in order to maintain local contribution equal to Federal contribution.

Fifth. After projects are amortized, net revenues will go proportionately to Federal and local governments on basis of contribution.

I might say that the bill as originally introduced contained no provision for public housing. The committee included in the bill the text of the provision in the 1949 act, which called for 810,000 public

housing units to be built over a period of 5 years, and gave to the President the right to build as many public housing units as he deemed it advisable to build each year, provided not more than 200,000 units were built in any single year. Approximately 200,000 units have been built under that act, leaving approximately 600,000 to be built. If the provision remains in the act, it will mean that the President, in his discretion, can permit the building of not to exceed 200,000 public housing units each year, provided an appropriation can be secured to build them.

Mr. IVES. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from New York.

Mr. IVES. I have before me a tabulation which I should like to have unanimous consent to have printed in the RECORD at this point. The tabulation bears on public housing.

Mr. CAPEHART. I have no objection.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Public housing

Units authorized, 1949 act.....	810,000
Units built (through Apr. 30, 1954)	146,000
Units under construction or contracted for construction.....	59,000
Units eligible for construction, fiscal year, 1955.....	33,000
Units remaining under original authorization	572,000

Approximately 114,400 per annum through 1959.

* 135,000 per year, 6-year period.

Mr. IVES. The tabulation shows that the number of units authorized by the 1949 act was 810,000. There were supposed to be 135,000 units a year for a 6-year period.

The number of units built up to April 30, 1954, was 146,000.

The number of units under construction, or contracted for construction, was 59,000.

Added to those figures is another one which shows the number of units eligible for construction for the fiscal year 1955 to be a total of 33,000, which leaves a balance, under the original authorization, of 572,000.

Mr. CAPEHART. The difference between the figures cited by the Senator from New York and those which I have stated is accounted for by the fact that the Senator from New York is taking into consideration the units authorized, and I am not taking such figures into consideration. My figures are based on the units which have actually been completed.

Mr. IVES. Yes; I realize that.

Mr. CAPEHART. I have stated the public housing features of the bill. The bill limits the number of units for the life of the program to 810,000. Under the bill, the remaining number which can be permitted to be built is 617,000 units. However, it is up to the President whether the number of units built a year shall be zero or 200,000. In his message the President asked for 35,000 units a

year, or a total of 140,000 units for the next 4 years.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Connecticut.

Mr. BUSH. Will not the number of units constructed be in part determined by the appropriations provided by the Congress?

Mr. CAPEHART. Yes; the number will be determined by authorizations of Congress. In other words, even if the bill should become law, the Congress may choose not to appropriate any money for the purposes stated in the bill.

Mr. BUSH. So Congress will still control the number of units that will be constructed, will it not?

Mr. CAPEHART. Yes.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield to the Senator from New York.

Mr. LEHMAN. I realize that a limitation upon the number of units which may be constructed may be effected by the actions which may be taken by the Committees on Appropriations and Congress; but when the bill was being considered by the Committee on Banking and Currency the question arose as to whether or not the committee should restore the provisions of the 1949 act, which I think are considerably more liberal than the proposal made by the President of the United States. It was the unanimous decision at that time to restore the provision of the 1949 act which would permit the President to recommend new construction up to 200,000 units a year.

Mr. CAPEHART. That provision is in the bill.

Mr. LEHMAN. That question was discussed by the committee.

Mr. CAPEHART. That is correct, and that provision is contained in the pending bill, as I explained. The bill presently provides for the same number of public housing units a year mentioned by the Senator from New York.

Mr. President, I have completed my explanation of the public housing features of the bill. The House version contained no public housing feature, except that it permitted the finishing of approximately 35,000 units which have already been started, as provided in the appropriation act, rather than in the housing bill.

HOME LOAN BANK BOARD

First. The bill provides procedure for appointment of a conservator by the Home Loan Bank Board.

Second. It grants to the Federal Savings and Loan Insurance Corporation authority to terminate the insured status of an institution indulging in continued unsafe and unsound practices.

Third. It increases from \$1,500 to \$2,500 the maximum amount of uninsured loans that may be made by Federal savings and loan institutions.

VOLUNTARY HOME-CREDIT PROGRAM

Under the bill the Federal National Mortgage Association is continued on a standby basis, with authority to make

advance commitments in accord with existing law and up to \$15 million in Guam.

The bill creates a voluntary home credit program composed of representatives of financial institutions, builders, and the Government with the purpose of encouraging and facilitating the flow of mortgage credit for Government insured and guaranteed loans into remote areas and small communities through the voluntary cooperation and effort of private lending institutions.

I spoke about that a little earlier. The House version of the bill, as well as the bill which was introduced originally, created quite an elaborate new corporation for handling what we call secondary mortgages. Such a proposal has, I must say, considerable merit; but I believe that by unanimous vote, the members of the committee decided against creating the new corporation at this time. They considered that it would be well to try the voluntary system at least until next year.

The only reason for establishing the new corporation, or a "Fannie May," as we have known it in the past, would be in order to buy mortgages directly because private lenders might not or would not lend the money. The establishment of such a "Fannie May"—I am referring to the new corporation which the House included in its version of the bill—was advocated primarily because in certain sparsely populated areas or other sections of the country there is from time to time a shortage of money for lending purposes. In such event, it was supposed that the mortgage corporation to which I have referred, "Fannie May," would be able to buy mortgages directly in such areas; in other words, the Federal Government would buy the mortgages directly. There would be no necessity for doing that until such time as the local banking institutions, insurance companies, and other lending agencies could not or failed to buy the mortgages.

The committee in its version of the bill provided a voluntary plan, which, by the way, many facets of industry recommended, particularly the insurance companies. Under the voluntary plan, private institutions have agreed, if the bill becomes law, to cooperate in the program, and when it is ascertained that in a certain area or section of the United States persons are unable to sell mortgages, such private institutions will step in and buy them.

If the plan works, there will be no necessity for a new Government corporation. If the plan does not work, then I would say that next year Congress will again have to consider a secondary market for mortgages, because we all know that at the moment there is plenty of money available for all types of lending. There is much money available for lending in the United States at this moment, and there does not seem to be any shortage of money for any purpose.

URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

The bill provides \$5 million to the Housing and Home Finance Administrator to assist State, metropolitan, and

regional agencies in urban planning for municipalities under 25,000. The Administrator would be authorized to assume 50 percent of the estimated cost of such planning.

Second. It provides \$10 million to resume noninterest-bearing planning advances to local and State bodies for public works plans, repayable when construction is undertaken, in order that such works can be ready for construction if the economic situation should require it. I do not think that requires any comment.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Oklahoma.

Mr. MONRONEY. Was that provision in the House version of the bill, or is that a new provision inserted by the Senate committee?

Mr. CAPEHART. That was in the original House bill.

MISCELLANEOUS PROVISIONS

First. The bill provides for a certification by a builder or seller of a FHA or VA insured or guaranteed single family, 2-, 3-, or 4-family residence that the dwelling was constructed in conformity with plans and specifications approved by the FHA or the VA.

I spoke about that a little earlier in my remarks. The provision simply means that the builder must certify that he will build the house according to the plans he originally submitted to FHA for its approval.

Second. It extends veterans' direct home-loan program for another year and increases the quarterly authorization from \$25 million to \$50 million.

Third. It provides for consideration to be given to the reduction of vulnerability of congested areas to enemy attack in carrying out housing programs.

Fourth. It extends the present farm home-loan program under title V of the 1949 act.

Mr. MONRONEY. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I am glad to yield.

Mr. MONRONEY. As I study title V, I am struck by the great disparity between the way Congress is treating rural families of the United States and the way it is treating families in the urban areas. I believe the distinguished chairman of the committee told the Senate, in answering a question asked by the distinguished Senator from South Carolina, that by passing this bill we shall have authorized approximately \$35 billion of insurance for low-cost housing within urban areas. As I read the provisions of title V, if the maximum amount has been loaned, we shall be providing only approximately \$100 million of farm housing financing a year.

Mr. BUSH. Mr. President, will the Senator from Indiana yield to me, to permit me to make an observation?

Mr. CAPEHART. I yield.

Mr. MONRONEY. I am glad to have the Senator from Connecticut make an observation, for I am seeking information.

Mr. BUSH. I suggest that there has been a misunderstanding in regard to the use of the \$35 billion figure. It is

the figure for the overall amount of all FHA insurance for all kinds of housing programs—not only for urban housing, but also for all other housing programs, including every kind of insurance that has been issued under both the FHA program and the Veterans' Administration program, combined.

Mr. MONRONEY. The distinguished Senator knows that very little of the FHA program has gone beyond the limits of the municipalities. It is the disparity between the \$35 billion for urban areas and the pittance of a program for the rural areas, that I am calling attention to. I am trying to find out how large a program, if any, there has been and is to be, for the rural areas. All of us know that in many sections of the country rural housing is disgraceful. Certainly neither the Senate nor the House has given adequate attention to the development of a sound program in which the principle of insured mortgages can be made to work in connection with the construction or repair of farm homes; and when I refer to farm homes, I mean not only the residence of the farmer, but the entire farm plant.

Mr. BUSH. Mr. President, will the distinguished chairman of the committee yield further to me?

Mr. CAPEHART. I yield.

Mr. BUSH. I am not taking issue with the Senator from Oklahoma on his point that the amounts for farm areas and urban areas have not been equal. Of course the amount for the urban areas has been much greater. However, my point is that these insurance programs cover not only section 608, relating to the construction of apartment houses, but also the construction of all other kinds of housing.

Mr. MONRONEY. I am quite aware that not only section 608 housing, but also defense housing and remodeling are included. However, my point is that when the bill finally becomes operative, practically every dime of the \$35 billion of Government insurance will have been used for housing within city limits, regardless of whether it is low-cost housing or other housing, whereas the farms of the Nation have been completely neglected insofar as housing is concerned; and there has not been a program to enable the farmers to have an opportunity, under a Government-insured program, to rebuild farm homes and plants, so that, instead of being in their present neglected and somewhat disgraceful state of disrepair, they may become what they should be.

So I should like to be informed how much is to be received, under title V, by farm housing.

Mr. CAPEHART. Does the Senator from Oklahoma mean the number of years or the number of dollars?

Mr. MONRONEY. Either one.

Mr. CAPEHART. Does the Senator from Oklahoma mean how much has been loaned in the past?

Mr. MONRONEY. Yes, both in 1949 and since then.

Mr. CAPEHART. I do not have that information before me. However, from time to time Congress has authorized and appropriated funds for farm re-

habilitation and farm loans; and in every instance, there has not been 1 year in which the full amount has been used. So when we wrote the pending measure, and included the amount we did, we were certain it was more than ample to cover all the loan requests that would be received.

Mr. MONRONEY. But my point is—and I am sure the distinguished chairman of the committee is missing it—that although we may have appropriated or authorized \$100 million under title V, something is wrong with the housing program as it relates to the nonurban areas. Certainly the distinguished chairman of the committee, interested as he is in housing for all classes of the people, must agree about the need for improved housing on American farms; and for that purpose the farmers should have the benefit of a plan similar, as regards time and down payments, to the one offered city dwellers. Under such a plan, farmers would use many, many times the \$100 million authorized in title V.

Mr. CAPEHART. I can be wrong, and I have been; but I do not believe I am wrong in this instance. If, later, I find I am wrong about it, I shall seek to correct the RECORD.

I repeat that for many years this provision has been a part of the act, as a farm housing plan. It goes back to 1949. At no time have the farmers themselves requested more than the amount Congress has authorized. I would not object at all to allowing an increased amount, but the amount here provided is more than any witness before the committee anticipated would be needed for the making of such loans.

Mr. MONRONEY. That is my very point, namely, that title V, as reenacted in the pending measure, will not be an effective one for reaching the problem of long-term low-interest rate, low-cost financing of farm housing. If the farmers have not used the \$100 million, it is not because the need does not exist for many, many times that amount, but because the operation of that provision, through the Department of Agriculture, is so far removed from the practical realities of a housing program for farmers similar to the one the FHA has developed for those who live in urban areas. So I think it is time for Congress to give some study to the matter.

The farmers need better housing, and they can pay for it on a 20-year or 25-year plan, if it is made comparable to the plan for urban housing, as respects the ease of closing and securing a mortgage, through the program which I believe Government insurance should provide, rather than by means of the direct loaning that has been done under title V.

Mr. CAPEHART. As the author of the bill, I shall be very glad to accept an amendment to make the amount \$200 million, because unless there is a change in the attitude of the farmers, as compared with their attitude over the past months, they will not use that amount, anyway.

Mr. MONRONEY. I appreciate the generosity of the chairman of the committee and his understanding of the

farm needs; but unless we find a way to gear the housing program to the needs of farmers and to make it as easy for farmers to finance their homes as it is for urban dwellers to finance theirs, we shall never "cross the bridge," regardless of whether we provide \$200 million or \$500 million.

Mr. CAPEHART. But at the present time a farmer can borrow what he needs for housing purposes at 4 percent, and for up to 33 years. It would not be possible to be much more liberal than that.

Mr. MONRONEY. But it is not effective, because of uncertainty and the operation of Government bureaucracy in connection with the processing of the applications. So the farmers do not find it as easy to obtain Government assistance in connection with housing as do those who live in urban areas.

Mr. CAPEHART. In short, I understand that the criticism the Senator from Oklahoma has is of the administration of the law, rather than of the law itself.

Mr. MONRONEY. No, my criticism goes also to the law. I believe that some way should be found whereby a \$4,000 or \$5,000 or \$6,000 Government-insured loan could be made to farmers under title I of the National Housing Act.

Mr. CAPEHART. The farmers come under title I. Under title I, a farmer can borrow for the purpose of building a silo or to repair his home or to repair his barn or to do almost anything of that sort. Title I covers farmers.

Mr. MONRONEY. But can the Senator from Indiana tell me of any farm housing that has been constructed under title I of the National Housing Act. I know of no farm housing that has been constructed under title I.

Mr. IVES. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. In just a minute.

First, let me say to the Senator from Oklahoma that all the testimony we have received and all the recommendations that have been made to us have been to the effect that, although there was ample money, and ample facilities, and a low interest rate, and long terms were provided—all for the farmers to use—they have not been particularly interested.

Mr. MONRONEY. In order to obtain a long-term, low-interest rate for a \$5,000 or \$10,000 house, the farmer does not mortgage merely a plot of ground measuring 50 by 75 feet. In order to obtain a new house he must mortgage his entire 160 acres of land, his living, his livelihood. What I am saying is that some plan is needed which will enable the farmer to obtain low-cost, long-term, low-interest mortgage money on a basis comparable to that enjoyed by the city dweller, under a plan which will not require the farmer to put up 10, 20, or 50 times the amount of security his city neighbor is required to put up.

Mr. IVES. Mr. President, will the Senator yield to me?

Mr. CAPEHART. I yield.

Mr. IVES. In connection with the point being made by the distinguished Senator from Oklahoma, I think it should be emphasized that neither the National Farm Bureau Federation, the National Grange, the National Farmers'

Union, nor any of the other farm organizations has appeared at any hearing that I know of requesting what the Senator from Oklahoma seems to desire.

Mr. CAPEHART. The farm organizations mentioned by the able Senator from New York were represented before the committee by witnesses who recommended that the committee should do exactly what it did.

Mr. MONRONEY. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MONRONEY. I appreciate the fact that the Congress is continuing to extend a feeble reed to the farm families of America, but I say that a feeble reed is not sufficient. Farm-home financing is not on a basis comparable to that which city people enjoy.

If any use has been made of title I, if it is intended to serve the farmers on the same basis it serves the city man in building a house or rehabilitating or remodeling a house, why have the farmers not benefited from the program? If we can bring Government-insured mortgages to the farmer on the same basis, under title I, as is enjoyed by city people, we may be able to approach a real solution of our farm-housing problem.

Mr. CAPEHART. Farmers have participated under title I since 1934. Loans have been made under title I for repairing houses, barns, chicken coops, and machine sheds, and for building silos and many other structures. That program has been carried on since 1934, under title I. Such loans run for 36 months, or 3 years. They are nonsecured loans. No mortgage is required.

Mr. MONRONEY. For how long a time do the loans run?

Mr. CAPEHART. For 36 months.

Mr. MONRONEY. Is there not a provision under title I by which a city dweller can build a house and extend the payments over a longer period of time?

Mr. CAPEHART. Title I is the title which deals with repairs, and so forth.

Mr. MONRONEY. Are there not title I housing loans, as well?

Mr. CAPEHART. The Senator is speaking of section 8 of title I. That is the farm-housing program. That is the one we are now discussing.

Mr. MONRONEY. I am speaking of section 5. It seems to me that what the Congress needs to do, if we expect to enter into this program with full impact, is to stop shortchanging the farmers. When the junior Senator from Oklahoma was a member of the Banking and Currency Committee of the House, he insisted that we were shortchanging the farmers of America. We have been doing it for years, and we have not yet brought forth a decent, workable program.

Mr. CAPEHART. I agree with the able Senator that we have been shortchanging the farmers for years. There is no question about that. If we can be given just a little time to study the problem, we can perhaps offer some amendments to the act the better to serve farmers. However, we have been working on the problem for only about 16 months. I agree that for many years we

have been shortchanging the farmers.

Mr. MONRONEY. If we can apply—

Mr. CAPEHART. If the Senator has an idea how we can better the situation at the moment, I shall be very happy to accept his amendment.

Mr. MONRONEY. I shall try to see if I can suggest language to provide the principle of Government-insured loans, instead of direct Government lending, for a limited program of home improvement, modernization, and even reconstruction, because I believe that until we begin to gear the farm-housing program into the same financial structure which has been so highly successful in the cities, the farmers will not participate in the program. It will be smothered in redtape by the direct lending authority.

Mr. CAPEHART. I agree with the able Senator. If he will prepare an amendment to accomplish what he has in mind, I shall be very happy to accept it.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. It seems to me that there may have been a little confusion a moment ago in connection with the subject of construction of homes under title I. There is one section, namely, section 8, which does allow for the construction of homes under title I. I assume that is the section to which the Senator from Oklahoma is making reference. That section is not primarily for farm housing, but when it was originally written into the act, it was assumed that it would be of the greatest value in the outer areas, in towns and cities in what might be called rural nonfarming areas. In such areas housing would not be built under the high requirements of conventional financing.

There is another part of the act which relates to farm housing. I assume the Senator from Oklahoma is familiar with it.

Mr. MONRONEY. That is title V.

Mr. SPARKMAN. Yes. Title V permits the kind of loan about which the Senator from Oklahoma has been talking.

Mr. MONRONEY. But that involves a direct Government loan. The farmer is confused by the red tape and the difficulties, whereas the city man can obtain his financing and his house over the counter, so to speak.

Mr. SPARKMAN. The Senator is correct, but there is one problem which we encounter with reference to farm housing which always must be reckoned with. The typical farm is under mortgage. The mortgage covers the entire farm. Of course, the Senator from Oklahoma well recognizes the fact that ordinarily when we speak of the value of a farm we mean the value of the land, rather than the value of the house. Moreover, farm housing includes not merely the residence, but all the farm buildings which are necessary to carry on farming operations. I assume that the majority of farms are under mortgage. When a mortgage is taken in the purchase of a farm there arises a difficulty in working out an FHA plan, be-

cause a second mortgage is involved. The farm housing program which we have devised would permit such second mortgage to the Government. It has been pretty well used by the farmers.

Mr. MONRONEY. This program has been in effect since 1949.

Mr. SPARKMAN. 1949 or 1950. It has been pretty well used.

Mr. MONRONEY. The distinguished chairman has said—

The PRESIDING OFFICER. The Senator from Indiana [Mr. CAPEHART] has the floor.

Mr. CAPEHART. Mr. President, let me read a list of items upon which the farmer can borrow without any mortgage whatsoever. I do so to show that in the past we have been quite liberal with the farmer, notwithstanding what the Senator from Oklahoma has said. The farmer can borrow for new construction of barns, poultry houses, silos, utility buildings, brooder houses, hog houses, tool sheds, greenhouses, dairy buildings, granaries, milkhouses, service buildings, smokehouses, stables, stalls, stanchions, tiling, and so forth.

Mr. MONRONEY. On 3-year paper. We are talking about giving 30 or 40 years to the city dweller for his financing, and we offer the farmer help on a 3-year basis.

Mr. CAPEHART. This is under title I.

Mr. MONRONEY. That is a 3-year plan, is it not?

Mr. CAPEHART. Yes; but under title V, which I was discussing, he can borrow on the basis of repayment in 33 years, at 4 percent interest.

Mr. MONRONEY. The point which the distinguished junior Senator from Alabama [Mr. SPARKMAN] has made is one with which we must concern ourselves. Many of the farm homes of America that need housing the most are under mortgage. Perhaps the mortgage represents only 25 percent of the value of the farm today, but the farmer is estopped from getting a loan to rebuild his house no matter how badly it needs rebuilding or repairs, unless he goes to the Government under a program which is designed for those who are unable to get home financing elsewhere.

Some way must be found, I may say to the distinguished chairman of the committee, by which the holder of a mortgage would have the right to waive 5 acres of the mortgage for a homestead site, and divide the ground on which the farm home stands, and thus permit the farmer to borrow on the homesite, instead of on the entire agricultural plant.

If a man in a city borrows \$10,000 with which to build a house, he does not have to put up his bicycle shop or his cafe as security for the money he borrows to build his home. Yet it is demanded of the farmer that he put up his whole plant, including his home. Therefore, the farmer's security becomes many times higher than the security put up by the city man.

What I am pleading for is that in this bill, or in an early bill later, we must find a way whereby the farmers can have a parity of opportunity to improve farm housing. There is market on the farms for home builders, for standardized construction, and for all types of residential

construction, and that market has not been scratched. Yet in many places we are overbuilding in the urban areas, and we will continue to overbuild in those areas, while we have not met the minimum needs of some 6 million farm homes throughout the country.

Mr. CAPEHART. We shall be very happy to accept an amendment if the Senator from Oklahoma will be good enough to prepare it.

SMOKE ELIMINATION AND AIR-POLLUTION PREVENTION—RESEARCH

The Secretary of Health, Education, and Welfare is directed to undertake and conduct a program of technical research and studies concerned with (a) the causes of air pollution, (b) devices and methods for prevention or elimination of air pollution, and (c) guidance and assistance to local communities in smoke abatement and air-pollution prevention and control. Up to \$5 million would be authorized to be appropriated to carry out the research program.

LOANS

Loan program by HHFA in cooperation with private lending institutions to business enterprises to aid them in installation of air-pollution equipment.

Loan would only be made if it is determined that it would result in substantially reducing air pollution in community where device or structure is to be located and unless borrower is unable to obtain funds from private sources on reasonable terms. Must be a participating loan.

For the homeowner, FHA loan insurance could be used for purposes of home conversion and improvements which aid air-pollution prevention.

Mr. President, I merely wish to add that it is very necessary that something be done to eliminate the smog and smoke and air pollution in the United States. I do not believe it can be done entirely by the local communities. I believe it will require the joint effort of the local communities, the States, and the Federal Government.

Mr. President, that is a brief explanation of the pending bill. Unless Senators desire to ask me questions, so far as I am concerned the bill is now open for amendment.

Mr. IVES. Mr. President, in strongly supporting public-housing provisions as a part of any housing legislation which may be passed by the Senate, I would call to the attention of the Senate their great importance. These provisions are most necessary to implement the urgently needed slum clearance and urban redevelopment program which has been recommended by the President and his Advisory Committee on Housing and which also is contained in the pending bill. The vital need for public housing in conjunction with any slum clearance and urban redevelopment program was clearly understood by this committee.

It is worthy of note that this Advisory Committee on Housing, which represented every segment of the housing industry, recognized the basic need for the continuance of public housing at this time as an integral part of the housing program which it recommended to the

President. The public-housing provisions in the pending bill are designed to meet this need and to help in realizing the broad objectives envisioned by the bill itself.

These provisions will not in any way foster competition between public and private housing. In fact, such competition is impossible because the rentals in public-housing projects must, of necessity, be far below the lowest rentals which any private housing must require. I understand that the median income of families who moved into public-housing projects during the last quarter of 1953 was only \$1,825 per annum; obviously, such families cannot afford to live in decent private housing in many of our urban communities.

It has been stated that public-housing developments cause a loss in tax revenue to the communities in which they are located. This statement is based upon the premise that, in the absence of such public-housing developments, comparable private housing would be located on the same sites. But this is a false premise, because most public-housing projects are constructed in rehabilitated areas or in conjunction with the redevelopment of blighted areas. Thus, the communities do not lose revenue by this process. Furthermore, by such development the continuing decay which is taking place in many of our cities can be checked.

Of course, public housing does cost money, like everything else, and such costs must be borne by the taxpayer to the extent that he contributes a portion to the defraying of the rentals for his less fortunate neighbor. It has been estimated, however, that the annual cost for this purpose to a taxpayer earning \$4,000 per year is less than the price of a package of cigarettes; surely, this is a small charge in comparison with the benefits which accrue to communities and to citizens who are forced to exist in the squalor of slums.

The significant importance of reclaiming and rehabilitating large areas in many of our communities has been well recognized by the President and his Advisory Committee. A substantial portion of the pending bill is designed to aid and encourage our communities in their efforts presumably to abolish their slums. Moreover, a vital part and purpose of such a program is the proper relocation of individuals living in slum areas, and these objectives can be attained only by the construction of housing which lies within their limited means.

All of us know that the present high cost of construction makes it impossible for builders to construct private rental housing in our larger metropolitan areas to meet the needs of tenants in the lower income brackets. The Public Housing Administration has pointed out that the median income of tenants in public housing projects is less than \$2,000 per annum. In this connection I quote from the Advisory Committee's report:

In 1951, the last year for which data are now available, one-half of the more than 35 million nonfarm families of 2 or more persons had incomes of less than \$3,900. There were 3,800,000 families with incomes less

than \$1,500, and 8 million families who had \$2,500 or less.

Clearly in many communities slum clearance and redevelopment programs must be coupled with the construction of public housing if the residents of blighted areas are to be relocated in decent housing.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. IVES. Certainly.

Mr. LEHMAN. Is it not a fact that, with the exception of the provision for public housing, which the committee incorporated in the bill now pending before the Senate, and, in lesser degree, with the exception of the provision contained in section 221, we are doing virtually nothing of a constructive character for the people who need governmental help most, namely, the people with very low incomes?

Mr. IVES. I think that is correct.

Mr. CAPEHART. Mr. President, will the Senator from New York yield?

Mr. IVES. I yield.

Mr. CAPEHART. Mr. President, I do not think I can agree with that statement at all. The House bill provided for 95-percent insurance on the first \$10,000.

Mr. IVES. I think my colleague is speaking of the people in the very large metropolitan areas, whose incomes are so low that they are unable to take advantage of the other provisions of the bill. I think they are the ones to whom the junior Senator from New York has referred.

Mr. LEHMAN. Mr. President, will the Senator yield further?

Mr. IVES. I yield.

Mr. LEHMAN. My colleague from New York has stated what I had in mind very clearly. I made a separate statement, which is incorporated in the report of the committee, in which I pointed out that, while to a substantial degree we are taking care of persons with relatively satisfactory and livable incomes, we are doing very little, if anything, of a constructive nature for the people with low incomes, save through the reincorporation of the provisions of the Housing Act of 1949 in the pending bill, and in some slight degree—and I am not certain as to how it is going to work out—the provisions of section 221. They are the people who need help on a very substantial scale. Reference has been made to 35,000 housing units. I do not think 35,000 units will even begin to solve the problem. What we need in the bill is provision for a greater number of public housing units.

Mr. CAPEHART. Mr. President, will the Senator from New York yield?

Mr. IVES. I yield.

Mr. CAPEHART. The bill as it is written permits up to 610,000 public housing units, and allows the President to go up to 200,000 units a year. That is more than has ever been accomplished at any time in the past 10 or 15 years.

Mr. IVES. It would average about 142,000 units.

Mr. CAPEHART. I have to take exception to my able friend from New York. The bill permits 95-percent insurance, which means that a downpayment of only 5 percent need be made. If that

is not taking care of the low-income group, I do not know what it is.

Mr. IVES. That cannot be done in a city like New York.

Mr. CAPEHART. My point is this: The able junior Senator from New York [Mr. LEHMAN] would like to leave the impression that this bill is not a liberal bill. It is more liberal than any bill ever before brought to the floor of the Senate, notwithstanding what my able friend may say. It does more for the low-income group, for the poor people, than has any bill ever before brought to the floor of the Senate.

Mr. LEHMAN. Mr. President, will my colleague yield further?

Mr. IVES. Before I yield again, I should like to point out that I quite agree with the distinguished Senator from Indiana. So far as I am aware, the bill as it now stands is by far the most liberal housing bill that has ever been before the Senate of the United States.

Mr. LEHMAN. Mr. President, will my colleague yield further?

Mr. IVES. I yield.

Mr. LEHMAN. I stated in my memorandum that this bill is an improvement, as it now stands, over the bill suggested by the administration, but that point of view is predicated on the assumption that so far as public housing is concerned the bill remains as it is at this time.

Mr. CAPEHART. Mr. President, I do not think the Senator has any right to assume that it will not.

Mr. LEHMAN. I am not assuming anything. I am simply saying that I have heard statements made that there would be an amendment offered to strike the number of public-housing units authorized by the bill. I have heard statements made that a substitute amendment would be submitted.

Mr. CAPEHART. There is an amendment lying of the desk which would definitely strike out public housing.

Mr. LEHMAN. If this bill is finally passed with the provisions of the Housing Act of 1949 intact, so far as they relate to public housing, I shall take the keenest pleasure in congratulating the distinguished chairman of the Banking and Currency Committee.

Mr. CAPEHART. I only wanted to keep the RECORD straight, that this is the most liberal housing bill which has been presented to the Senate since such legislation was first undertaken back in 1934.

Mr. IVES. Mr. President, to continue my remarks after the interruption, I wish to emphasize the fact that unless Congress authorizes the continuation of a Federal public housing program at this time, the forward-looking and progressive slum clearance and urban redevelopment provisions contained in the pending bill will fall far short of the objectives for which they are presumably designed. Indeed, they will serve only as a sham and a delusion.

In this connection let us ask ourselves three questions which I hope Members of the Senate who are not present today will take the time to read in my remarks, because I consider them to be very

fundamental in relation to the whole question of public housing generally.

The questions are as follows:

Is it our purpose merely to abolish slums in one area of a community in order that they may be reestablished in another area of the same community? Are we legislating primarily for the benefit of builders and owners or for the welfare of occupants? Is it our aim to enact a housing program which will be beneficial to the people generally or which will assist only a part of the people?

I believe it should be our purpose to legislate for the benefit of all the people. To this end a public-housing program must inevitably be a part of any overall slum clearance, rehabilitation, or redevelopment program which we may enact.

In recent months our attention has been directed dramatically to the problems of juvenile delinquency, communism, and disease. To a considerable extent these cancers in our society are produced and nourished in slums. And yet, if slums are to be eradicated, some amount of public housing is essential.

Furthermore, the public housing, which will accomplish this result, should not be a burden upon the taxpayer; in truth, it should lessen his burden. For the cost of policing juvenile delinquency and combating disease and communism, which are attributable to slums, must be far greater than would be the cost of public-housing projects which would eliminate slums once and for all.

For these reasons I urge, as strongly as possible, that the Senate approve the public-housing provisions contained in this bill as the bill now stands. I am strongly in favor of the provisions of the bill as they are.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MAYBANK. Mr. President, I call up my amendment 5-28-54-A and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 208, beginning with line 19 it is proposed to strike out all through line 4 on page 209 and insert in lieu thereof the following:

(1) By adding at the end of section 10 thereof the following new subsection:

"() Notwithstanding any other provision of law, after the date of enactment of the Housing Act of 1954, the Authority shall not enter into any new agreements, contracts, or other arrangements, preliminary or otherwise, for any additional projects or dwelling units."

Mr. MAYBANK. Mr. President, over the entire span of my political life I have found a source of satisfaction in leading a continuous fight for improved housing standards for low income groups. Never

have I drawn a color line in the extension of housing benefits. Never have I endorsed or supported any program which would extend housing benefits to one race while denying equal benefits to another. The decision on occupancy has been, in the past, the concern of local authority. This was proper. This is proper.

On May 24, 1954 the United States Supreme Court denied a petition for a writ of certiorari in the case of Housing Authority of the City and County of San Francisco against Banks. This action leaves in effect the lower court's decision that segregation in a public housing project by municipal ordinance is an infraction of the 14th amendment. In view of this action on the part of our highest tribunal, it is necessary for me to reappraise my position on our public housing program.

The right to establish and maintain separate facilities for the use of the white and colored races has been upheld on many occasions by the various courts. In numerous cases the United States Supreme Court has enunciated the principle that it is not an infraction of the 14th amendment for a State to require separate but equal accommodations for the two races. Similar verdicts among lower Federal courts are legion.

In the case of the legislative branch, the Congress also has expressed its understanding that occupancy of public housing projects should be the concern of local authorities. Efforts have been made in the past to introduce a concept different than this through legislative action. Antisegregation amendments to housing bills have been rejected on several occasions by a majority of the members of the Senate Committee on Banking and Currency. On April 21, 1949, an antisegregation amendment to the Housing Act of 1949 was brought to a vote in the Senate. It was recognized that such an amendment would make the public housing program inoperative, and on a rollcall vote the amendment was rejected 46 to 32.

On the basis of what appeared to be an understanding on the part of the legislative, the judicial, and the executive branches of the Government that occupancy was and should be handled by local authorities, according to local custom and tradition, I continued my wholehearted support of public housing.

Many important and far-reaching decisions have been written with regard to alleged infractions of the 14th amendment. No such decisions have brought the issue into clearer focus than these words from the oft-cited Plessy case:

To this we may add that, when 17 States and the Congress of the United States have for more than three-quarters of a century required segregation of the races in the public schools, and when this has received the approval of the leading appellate courts of the country, including the unanimous approval of the Supreme Court of the United States (in *Gong Lum v. Rice*, *supra*), at a time when that Court included Chief Justice Taft and Justices Stone, Holmes, and Brandeis, it is a late day to say that such segregation is violative of fundamental constitutional rights.

For generations the Court ruled otherwise than it ruled in the recent decision,

and the previous ruling was concurred in by such men as Chief Justice Taft; Mr. Justice Stone, later the Chief Justice; Mr. Justice Holmes, one of America's greatest jurists; and the brilliant Justice Brandeis. But, Mr. President, we now have a new Supreme Court.

I continue to quote from the Plessy case:

It is hardly reasonable to suppose that legislative bodies over so wide a territory, including the Congress of the United States and great judges of high courts have knowingly defied the Constitution for so long a period or that they have acted in ignorance of the meaning of its provisions. The constitutional principle is the same now that it has been throughout this period; and if conditions have changed so that segregation is no longer wise, this is a matter for the legislatures and not for the courts. The members of the judiciary have no more right to read their ideas of sociology into the Constitution than their ideas of economics (98 F. Supp. 529, at 537).

These words, in my opinion, are as pertinent today as they were half a century ago.

Now that the Supreme Court has seen fit to reverse an acceptable and workable pattern under which we have lived, worked, and prospered, I am left, in good conscience, with no alternative.

I must oppose my own amendment to the housing law and thereby abandon a fight to which my energies and devotion have been dedicated for a quarter of a century, ever since the first public housing unit was built in my own State, and since the time I was appointed to the Public Works Administration under the Roosevelt administration, when the then Secretary Ickes was in charge of public works.

It will be my purpose to seek and ultimately find a more satisfactory answer to the need for low-rent housing facilities. In the meantime the Supreme Court has brought about the denial of much needed benefits to the people for whom they were primarily intended.

There will be no applications to Mr. Cole from Birmingham, Ala., Atlanta, Ga., Charleston, S. C., New Orleans, La., or Raleigh, N. C., and I doubt if there are going to be any from many other Southern States. I mention only those cities only because they are near my own State.

The fundamental concept of States rights commands more than lipservice from one of my political philosophy. Where Federal aid is attended by coercion and a denial of sovereign rights reserved to the States under the Constitution when the Union was formed, then such aid must be refused and the power of the Federal Government removed in that instance.

This is a difficult period, a period of unprecedented strain, during which the whole fabric of a social order is beset by agitation and litigation.

I pray, with all my heart, Mr. President, that the good people—white and colored alike—who have labored long and earnestly to develop harmonious relations will continue to seek an equitable and just solution to the problem thrust upon them by the present Supreme Court.

Mr. KNOWLAND. Mr. President, while I have great respect for the Senator from South Carolina, who was formerly chairman of the Committee on Banking and Currency, I must rise to oppose the amendment, which would in effect strike from the bill all provisions relating to public housing. If the amendment of the Senator from South Carolina shall be defeated, as I hope it will be, I shall immediately then offer an amendment which will provide for 140,000 units, which was the recommendation of the President of the United States, based on 35,000 units a year for a 4-year period.

I hope the amendment of the Senator from South Carolina will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina to the committee amendment.

The amendment to the amendment was rejected.

Mr. KNOWLAND. Mr. President, I send to the desk an amendment, which I offer on behalf of myself and the Senator from Massachusetts [Mr. SALTONSTALL], and I ask that the amendment be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 208, beginning with line 19, it is proposed to strike out through line 4 on page 209 and insert in lieu thereof the following:

(1) by striking out the period at the end of the third sentence of section 10 (e) thereof and inserting a colon and the following: "Provided further, That notwithstanding any other provisions of law, the provisions of this subsection and of section 9 hereof shall be in full force and effect: And provided further, That, until June 30, 1958, the authorization in this act (1) to enter into contracts for annual contributions shall (except for projects constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954) be limited to contracts for not more than 35,000 dwelling units which amount shall be increased by 35,000 dwelling units on January 1 of the years 1955 and 1956, and (2) to authorize commencement of construction shall, after July 1, 1954, be limited to not more than 35,000 dwelling units which amount shall be increased by 35,000 dwelling units on July 1 of the years 1955, 1956, and 1957."

Mr. KNOWLAND obtained the floor.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from South Carolina.

Mr. MAYBANK. Is this a substitute for the amendment I proposed; or does it embody the President's plan?

Mr. KNOWLAND. It embodies the proposal which the President made in his message to the Congress.

Mr. MAYBANK. I understand. Do I further correctly understand that there will be a yea-and-nay vote on the amendment?

Mr. KNOWLAND. There will be, if it is desired.

Mr. MAYBANK. Mr. President, I ask for the yeas and nays, because I wish to have the votes recorded.

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, the amendment which I have offered is de-

signed to carry out the recommendations of the President of the United States with respect to the volume of low-rent public housing for the next 4 years. In his message to the Congress on January 25, 1954, the President's statement recommended "that the Congress authorize construction, during the next 4 years of 140,000 units of new public housing to be built in annual increments of 35,000 units." Provisions with respect to this proposed program would be added by this amendment to section 401 of H. R. 7839.

Under the amendment the Public Housing Administration would authorize the construction of low-rent public housing after July 1, 1954, up to 35,000 dwelling units per annum during the fiscal years 1954 through 1957.

It should be noted that the 1953 Independent Offices Appropriation Act—Public Law 455, 82d Congress—and the 1954 Independent Offices Appropriation Act—Public Law 176, 83d Congress—prohibit the Public Housing Administration from entering into any new contracts for Federal assistance during any fiscal year subsequent to the fiscal year 1953. The language of the proposed amendment would in effect repeal these provisions in the two appropriations laws since they are inconsistent with the provisions which would be added to the basic low-rent-housing statute to carry out the President's program for the next 4 years.

Mr. MAYBANK and Mr. DOUGLAS addressed the Chair.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from California yield, and if so, to whom?

Mr. KNOWLAND. I yield first to the Senator from South Carolina.

Mr. MAYBANK. As I understand, the amendment offered by the Senator from California strikes from the bill that section which strikes the restrictive provisions contained in the independent offices bill?

Mr. KNOWLAND. That is correct.

Mr. MAYBANK. In the event the amendment of the Senator from California should be rejected, then we would go back—

Mr. KNOWLAND. To the 572,000 units.

Mr. MAYBANK. That is correct.

Mr. KNOWLAND. In other words, the proposed amendment calls for a maximum of 140,000 units, spread over a 4-year period, with an increment rate of 35,000 units for each of the 4 years.

Mr. MAYBANK. If the amendment of the Senator from California should be rejected, those Senators who oppose public housing would still have a chance to vote against the bill itself. Is that correct?

Mr. KNOWLAND. Yes.

Mr. MAYBANK. That is the parliamentary situation; is it not?

Mr. KNOWLAND. It would be up to the individual Senators to vote as they choose.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Illinois.

Mr. DOUGLAS. I wonder if the distinguished Senator from California would further clarify the meaning of his amendment. The bill in its present form calls for the authorization of 572,000 units in 5 years. As I understand the proposal of the Senator from California, his amendment would strike out that provision and substitute instead a provision for 140,000 units in 4 years. Is that correct?

Mr. KNOWLAND. I think the Senator is incorrect when he says "in 5 years." Technically, I believe the 572,000 units provided for in the bill at the present time might theoretically be built at a total rate of not more than 200,000 units in any one year.

Mr. DOUGLAS. Does the Senator from California mean up to 200,000 units a year?

Mr. KNOWLAND. That is correct; not more than 200,000 units a year.

Mr. DOUGLAS. And not less than 50,000 units a year?

Mr. KNOWLAND. No; the final amount would depend on the appropriations.

Mr. MAYBANK. I beg the Senator's pardon. We do not appropriate for these houses, but the Government guarantees the bonds. I say that most respectfully, because I know a little about the bill. The number of units would depend upon the recommendations of the Bureau of the Budget and the request made by the President.

So what the Senator from California has substituted for my amendment is, in substance, the amendment I originally proposed except as to total authorization.

Mr. KNOWLAND. I am not familiar with that part of the background.

Mr. SALTONSTALL. Mr. President, will the Senator from California yield to me?

The PRESIDING OFFICER (Mr. Ives in the chair). Does the Senator from California yield to the Senator from Massachusetts?

Mr. KNOWLAND. I yield.

Mr. SALTONSTALL. Mr. President, I join in supporting the amendment of the Senator from California, and I do so for several reasons. Although I am not a member of the Banking and Currency Committee that considered this measure, I am chairman of the Independent Offices Subcommittee of the Appropriations Committee, and in the subcommittee the housing question regularly arises. I have served on that subcommittee for the past 4 years.

The housing situation is approximately as follows: 2 years ago President Truman recommended, if I correctly recall, 75,000 housing units. The House, in the appropriation bill, completely ignored that recommendation, and did not make any provision of that sort. The Senate restored provision for 50,000 units. In conference the number was reduced to 35,000 units. Last year the final figure was continued at 20,000 after a very great difference of opinion, in the course of which the Senate refused to accept the conference report, the first time. The House finally agreed to a provision that 20,000 housing units

should be built during this fiscal year, with no new contracts to be entered into, beyond those already made, for any new public housing units. The House also added a proviso to the effect that Mr. Cole, the Housing Administrator, should make an investigation, and report his findings on public housing to the Appropriations Committee by February 1 of this year.

President Eisenhower, in his budget message of this year, recommended that 35,000 units be constructed each year for the next 4 years.

The Subcommittee on Independent Offices Appropriations, of the House Appropriations Committee, included a limiting proviso intended to prohibit any further public housing. This was stricken on the floor of the House on a point of order. So the effect of the bill, as passed by the House—and subsequently by the Senate—was to permit the 33,000 units now under contract to go ahead in the fiscal year 1955.

The House also included in the appropriation bill the so-called Phillips order which would have virtually stopped the present slum clearance and urban redevelopment program. This action, of course, would also have had some effect on the need for public housing.

The Senate Appropriations Committee completely eliminated the so-called Phillips rider, approved the 33,000 public housing units for the fiscal year 1955, and said that Congress should await the action of the Banking and Currency Committee as regards the future of the slum clearance and urban redevelopment program which is included in the pending housing bill.

That bill is now before us. The amendment on which I have joined the majority leader makes it possible for 35,000 units to be constructed during each of the next 4 years, under the President's plan, and nullifies the various riders which were attached to the appropriation bills during the past 2 years.

Mr. MAYBANK. Mr. President, will the Senator from California yield to me?

Mr. KNOWLAND. I yield.

Mr. MAYBANK. I wish to make it perfectly clear—certainly there is no use for anyone to "kid" himself about this matter—that what the Senator from Massachusetts has said is correct. In the case of the Phillips rider on the appropriation bill—the rider eliminating public housing—the Senator from Massachusetts voted against it, and so did I, and so did the Senator from Louisiana [Mr. ELLENDER] and other Senators.

The amendment I offered originally and which was supported by the Democrats—and I appreciate having the other Democratic Senators join me—before the Supreme Court rendered its decision repealed the so-called Phillips rider. I wish to make that perfectly plain. However, that did not make it possible in any one year for 800,000 or 600,000 units to be constructed. That merely gave the President of the United States and the Bureau of the Budget the right to recommend the number of units to be built.

The President recommended to the House, but his proposal was defeated, a plan for the construction of 35,000 units

a year. That would be the effect of what I recommended in my original amendment, because I could not successfully direct the President of the United States or the Bureau of the Budget to request any particular number.

That is my understanding of what would be done. The President wrote a letter to the chairman to that effect, and the distinguished Senator from New York [Mr. Ives], who now is the Presiding Officer of the Senate, knows that is correct.

So I point out that the amendment submitted by the Senator from California [Mr. KNOWLAND] is, in effect, the same as the amendment I offered in the committee; and its adoption will not make a reduction in the annual authorization, because the final determination will be left to the President of the United States and the Bureau of the Budget.

So, Mr. President, all the Senators who favor public housing should vote against the amendment of the Senator from California.

Mr. LEHMAN. Mr. President, will the Senator from California yield to me?

Mr. KNOWLAND. I yield.

Mr. LEHMAN. Despite the fact that I am deeply grateful to the Senator from South Carolina [Mr. MAYBANK] for his unswerving and unwavering support of public housing over a period of many years—I wish to make that very clear—yet I must say I am very glad that the amendment he proposed has been defeated within the last few minutes.

Mr. President, I have listened to the discussion of the amendment submitted by the distinguished majority leader, the senior Senator from California [Mr. KNOWLAND]. I wish to say that, although I am heart and soul in favor of public housing, I shall vote against that amendment, for the reason that I consider it to be completely inadequate. I believe that Americans of small incomes need public housing to a far greater extent than 35,000 units a year.

The pending bill is an improvement over the bills which have heretofore come before the Senate; but, nevertheless, in this bill, as I pointed out an hour ago, we are doing very little indeed for those of low incomes, unless we take care of them by providing for the construction of a large number of public housing units. Section 221 will do them some good, but in my opinion the extent of the benefit they would derive from that section is very problematical.

The legislative situation in which we now find ourselves is that the committee amendment, as reported by the distinguished chairman of the Banking and Currency Committee, provides for a return to the provisions of the Public Housing Act of 1949, which gives the President the authority to recommend not less than 50,000 units and not more than 200,000 units, until the entire number originally authorized—the balance of which now remains at 572,000 units—is exhausted. Mr. President, I believe we should adhere to that provision. I do not believe we should be willing to compromise on 35,000 units, which, I repeat, would be completely inadequate for the purposes and the needs of those of

low income, those who are entitled more than any others to receive help from their Government. The people of moderate incomes and those of larger incomes do not need governmental help to any great extent, except in a very few instances. But those who have incomes of less than \$2,500 a year—and in some instances their incomes are considerably less than that—are the ones we should help.

So I hope the Senate will reject the amendment submitted by the distinguished majority leader, and thus will return to the provisions contained in the pending bill.

Mr. DOUGLAS. Mr. President, I wish to join the distinguished Senator from New York [Mr. LEHMAN] in his statement. Of course it is better for us to have 35,000 units a year for 4 years than for us to have none; but I should like to remind the Senate and the country that the bill, as it now stands, provides for 572,000 units, their construction to be distributed over a period of 5 years.

I come from a city where the housing problem is perhaps as acute as it is in any other city of the country. The city which I love is rotting away at the center from cancerous slums which are spreading outward. A major surgical operation is needed to clear these slums and those of other cities. As the senior Senator from New York [Mr. Ives] earlier remarked, when we clear the slums we must take care of the people who are displaced from them, namely, people whose incomes are low or who, because of their color, may not be able to find housing elsewhere.

Thirty-five thousand units a year will be totally inadequate to deal with this disease of our modern cities. So while I am grateful for a crumb, I hope we shall not abandon the proposal of the committee. I shall therefore vote against this amendment, because I am in favor of more adequate public housing. I hope very much that the amendment may be defeated and that we may stand on the proposal of the committee which will make possible a building rate in this field four times greater than that provided by the Knowland amendment.

Mr. BUSH. Mr. President, as a member of the committee, I certainly intend to support the amendment proposed by the Senator from California. I congratulate him upon his brief but able presentation of the amendment.

This recommendation comes from the President of the United States after very careful study by a special commission appointed by him, representing all elements of the building and housing industry. The President based his recommendation upon a thorough study of the report of the commission, which made a complete survey of the entire situation over a period of several months. I believe that this recommendation should carry a great deal of weight, especially because it is a recommendation of the President of the United States, based upon a very careful study and consideration of the problem.

So, differing with my good friends who have just spoken, I hope that the amend-

ment of the Senator from California will be agreed to.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	George	Maybank
Anderson	Gillette	McCarthy
Barrett	Goldwater	McClellan
Beall	Gore	Millikin
Bennett	Green	Monroney
Bowring	Hayden	Morse
Bricker	Hendrickson	Mundt
Bridges	Hickenlooper	Murray
Burke	Hill	Neely
Bush	Holland	Pastore
Butler, Md.	Humphrey	Payne
Butler, Nebr.	Hunt	Potter
Byrd	Ives	Purtell
Capehart	Jackson	Robertson
Carlson	Jenner	Russell
Case	Johnson, Colo.	Saltonstall
Clements	Johnson, Tex.	Schoeppel
Cordon	Johnston, S. C.	Smathers
Daniel	Kennedy	Smith, Maine
Dirksen	Kilgore	Smith, N. J.
Douglas	Knowland	Sparkman
Duff	Langer	Stennis
Dworshak	Lehman	Symington
Eastland	Lennon	Watkins
Ellender	Long	Williams
Ferguson	Malone	Young
Frear	Mansfield	
Fulbright	Martin	

Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from Kentucky [Mr. COOPER], the Senator from Vermont [Mr. FLANDERS], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. UPTON], and the Senator from Idaho [Mr. WELKER] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNING], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

The Senator from Nevada [Mr. McCARRAN] is absent by leave of the Senate.

The PRESIDING OFFICER (Mr. Ives in the chair). A quorum is present. The question is on the amendment offered by the Senator from California [Mr. KNOWLAND].

Mr. DOUGLAS. Mr. President, on behalf of myself, the Senator from Oregon [Mr. MORSE], the Senator from West Virginia [Mr. NEELY], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Missouri [Mr. SYMINGTON], I offer to the amendment of the Senator from California [Mr. KNOWLAND] the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Illinois, for himself and other Senators to the amendment of the Senator from California.

The LEGISLATIVE CLERK. In Mr. KNOWLAND's amendment wherever the number "thirty-five thousand" appears, it is proposed to strike out said figure and insert in lieu thereof "seventy-five thousand."

Mr. DOUGLAS. Mr. President, the amendment of the Senator from California [Mr. KNOWLAND] would authorize only 140,000 units in all. The amendment to the amendment would authorize 300,000 units. It is offered so that its sponsors and other Senators may show that they are affirmatively in favor of the public-housing program.

Mr. KNOWLAND. Mr. President, I hope the amendment offered by the Senator from Illinois to my amendment will be rejected. It doubles the number of units provided by my amendment and my amendment would carry out the recommendation of the President of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois, for himself and other Senators, to the amendment of the Senator from California [Mr. KNOWLAND].

The amendment to the amendment was rejected.

Mr. HUMPHREY subsequently said: Mr. President, I ask unanimous consent to have a statement printed in the RECORD at the point just prior to the vote on the Knowland amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON HOUSING BY SENATOR
HUMPHREY

Millions of Americans are today without adequate housing. There is a need for the Congress to live up to its responsibilities and provide for the American people a comprehensive housing program which will combine the splendid advantages of private enterprise with the humane advantages of low-cost public housing. The bill which we are voting for today goes far to meet our need, but it remains woefully inadequate.

Our aim must be the building of 2 million housing units next year. We cannot remain static in our goals, for to remain static is to move backward in view of our growing population. We are being asked by the administration to be content with a 25-percent decline from the construction levels of 4 years ago. I am not content with that low level for I consider it to be a program to perpetuate the housing shortage—and this is not in the public interest. The Housing Act of 1949 provided a sensible middle ground for a low-cost housing program. It called for the building of 135,000 units a year. That provision is in the bill which was reported out by the Senate Banking and Currency Committee. It is that goal—which was good enough for us in 1949—which is today being undermined by the Knowland amendment.

The Knowland amendment, which is the pending business, would reduce our goal of 135,000 low-cost public housing units a year to the small figure of 35,000 units. It is a source of deep regret to me that the Senate a few moments ago rejected the Douglas amendment to the Knowland proposal which would have substituted the figure of 75,000 a year for the 35,000 level. I was a cosponsor of the Douglas amendment and deeply regret that it was defeated by a voice vote.

The choice the Senate now faces is to maintain the 1949 standard of 135,000 units or accept the Knowland amendment so as to reduce the program to the insignificant 35,000 figure. I oppose the Knowland amendment and shall vote against it. By my vote I will be asserting my belief in the necessity for an effective housing program for America.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment offered by the Senator from

California. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Mr. President, by reason of the rapid statement of the question by the Presiding Officer, may I inquire whether the commas were correctly placed?

The PRESIDING OFFICER. The Chair would advise the Senator from Illinois that his inquiry is out of order.

The Secretary will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from Kentucky [Mr. COOPER], the Senator from Vermont [Mr. FLANDERS], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. UPTON], and the Senator from Idaho [Mr. WELKER] are necessarily absent.

If present and voting, the Senator from Kentucky [Mr. COOPER], the Senator from Vermont [Mr. FLANDERS], the Senator from California [Mr. KUCHEL], the Senator from New Hampshire [Mr. UPTON], the Senator from Idaho [Mr. WELKER], the Senator from Wisconsin [Mr. WILEY], and the Senator from Minnesota [Mr. THYE] would each vote "yea."

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], and the Senator from Washington [Mr. MAGNUSON] are absent on official business.

The Senator from Nevada [Mr. MCCARRAN] is absent by leave of the Senate.

I announce further that the Senator from New Mexico [Mr. CHAVEZ] is paired on this vote with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Tennessee would vote "yea."

I announce also that the Senator from Missouri [Mr. HENNINGS] is paired on this vote with the Senator from Oklahoma [Mr. KERR]. If present and voting, the Senator from Missouri would vote "nay," and the Senator from Oklahoma would vote "yea."

The result was announced—yeas 66, nays 16, as follows:

YEAS—66

Alken	Cordon	Hickenlooper
Anderson	Daniel	Hill
Barrett	Dirksen	Holland
Beall	Duff	Hunt
Bennett	Dworshak	Jenner
Bowring	Eastland	Johnson, Colo.
Bricker	Ellender	Johnson, Tex.
Bridges	Ferguson	Johnston, S. C.
Burke	Frear	Knowland
Bush	Fulbright	Lennon
Butler, Md.	George	Malone
Butler, Nebr.	Gillette	Martin
Byrd	Goldwater	McCarthy
Capehart	Gore	McClellan
Carlson	Green	Millikin
Case	Hayden	Monroney
Clements	Hendrickson	Mundt

Pastore
Payne
Potter
Purtell
Robertson

Saltonstall
Schoepfel
Smathers
Smith, Maine
Smith, N. J.

Sparkman
Stennis
Watkins
Williams
Young

NAYS—16

Douglas
Humphrey
Ives
Jackson
Kennedy
Kilgore

Langer
Lehman
Long
Mansfield
Maybank
Morse

Murray
Neely
Russell
Symington

NOT VOTING—13

Chavez
Cooper
Flanders
Hennings
Kefauver

Kerr
Kuchel
Magnuson
McCarran
Thye

Upton
Welker
Wiley

So Mr. KNOWLAND's amendment was agreed to.

Mr. FERGUSON. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. KNOWLAND. I move that the motion of the Senator from Michigan be laid on the table.

The motion to lay on the table was agreed to.

Mr. SALTONSTALL. Mr. President, I desire to ask the distinguished Senator from Indiana [Mr. CAPEHART], who is in charge of the bill, a question. Under section 129, is there authorization to the President to use the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, for Federal aid in critical defense housing areas? I have in mind a location where the property is likely to be continued to be designated as a critical housing area.

Mr. CAPEHART. The answer is "Yes," subject to an appropriation being made.

Mr. SALTONSTALL. I thank the Senator from Indiana.

Mr. BYRD obtained the floor.

Mr. CASE. Mr. President, will the Senator from Virginia yield, so that I may ask a few questions of the distinguished Senator from Indiana, the chairman of the Committee on Banking and Currency?

Mr. BYRD. I yield.

Mr. CASE. I make the inquiries because it has not been my privilege to be on the floor during the entire afternoon, because of my necessary attendance at a committee hearing.

Do I understand correctly that the bill provides for an extension of the military housing program, known as the Wherry housing program?

Mr. CAPEHART. The Senator is correct; it does.

Mr. CASE. Do I understand that the provisions of the amendment offered to the bill, giving protection to an individual against a contractor getting an insured loan for more than it costs to construct the housing, apply also to the Wherry housing program?

Mr. CAPEHART. They do.

Mr. CASE. I am glad to have that assurance as part of the record on the bill, because of some instances which have been brought to the attention of the Subcommittee on Real Estate and Military Construction. Since attention has been directed to such occurrences, within the past several days I have received either telephone calls or letters from four different States of the Union in

which military housing of this nature has been constructed, and where the circumstances have led to a suggestion of the belief that irregularities have occurred.

Mr. CAPEHART. I suggest that the able Senator from South Dakota transmit such information to the Committee on Banking and Currency, because that committee is making investigations of cases of that type.

Mr. CASE. We shall be glad to cooperate with the Senator from Indiana in making such information available to his committee and also to the investigating subcommittee of the Committee on Armed Services.

We shall be glad to cooperate with the Committee on Banking and Currency in such matters, although in some cases, where direct questions relative to military housing are involved, since there is pending before the committee a military public works bill, which includes a proposal for military housing, it is felt that there is a direct responsibility resting upon our committee to handle such matters within the committee, and we intend to have such a study made by our own investigating staff.

Mr. MORSE. Mr. President, will the Senator from Virginia yield, so that I may address a question to the chairman of the Committee on Banking and Currency?

Mr. BYRD. I yield.

Mr. MORSE. I have not had time in which to apprise myself of the fact with regard to a complaint which was made to me about 15 minutes ago by an Oregon constituent, relative to the construction of Wherry housing projects.

May I ask the distinguished Senator from Indiana whether there is in the bill any provision whereby the Army may enter into a lease arrangement for the building of such houses by various concerns, the houses to be owned at the end of the term by the Government, but the builders of Wherry housing are to be placed in a secondary position, so far as the tenants are concerned, in that priority of tenancy will be given to the persons who live in the houses, under a lease arrangement with the Government?

Mr. CAPEHART. There is nothing in the bill that takes care of that.

Mr. MORSE. Is there any provision in the bill under which houses may be built on a lease arrangement with the Military Establishment, with the understanding that the rent for the houses will be applied to their purchase price, with the Government finally owning the houses?

Mr. CAPEHART. Under the original Wherry Act, houses which were built on Government land automatically belonged to the Government at the end of the term of the mortgage.

Mr. MORSE. I understand that, but I was advised by the constituent to whom I have referred that, to use his language, there is a "sleeper" provision in some housing bill.

Mr. CAPEHART. If there is, I wish the Senator from Oregon or his constituent would call it to our attention.

Mr. MORSE. He said he was going to get a memorandum for me overnight.

I did not know the bill was coming up so quickly. I thought I ought to raise a signal flag.

Mr. BYRD. Mr. President, I ask that my amendment which is at the desk be stated.

The PRESIDING OFFICER. Does the Senator from Virginia desire to have the entire amendment read?

Mr. BYRD. I do not think that is necessary. However, I ask that it be printed and made part of the RECORD.

There being no objection, Mr. Byrd's amendment was ordered to be printed in the RECORD, as follows:

At the end of the bill add the following new title:

"TITLE X—PROVISIONS FOR RESPONSIBILITY AND FULL DISCLOSURE

"UNIFIED RESPONSIBILITY IN HOUSING AND HOME FINANCE ADMINISTRATOR

"SEC. 1001. (a) Notwithstanding any other provision of law, and subject to the provisions of subsection (b), the Administrator of the Housing and Home Finance Agency shall be responsible for the administration of the functions of such Agency and its constituent agencies, and for such purpose there are transferred to the Administrator all functions of all other officers of the Housing and Home Finance Agency and all functions of its constituent agencies and their officers and employees (including functions vested in such officers or employees or agencies, respectively, under other provisions of this act).

"(b) The Administrator of the Housing and Home Finance Agency may from time to time make such provisions as he shall deem appropriate authorizing the performance by any other officer, or by any agency or employee, of the Housing and Home Finance Agency or its constituent agencies of any function of the Administrator, including any function transferred to the Administrator by the provisions of this section. To that end the Administrator, without in any way relieving himself from final responsibility, may delegate any of his functions and powers to such officers, agents, or employees as he may designate, may authorize such successive redelegations of such functions and powers as he may deem desirable, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties.

"CERTIFICATION BY LENDER OF SOUNDNESS OF LOAN

"SEC. 1002. Every application for insurance under the National Housing Act, as amended, shall be accompanied by a certification of a prospective lender that on the basis of its own appraisal the lender believes the loan to be sound; except that in the case of an application for insurance by a financial institution under section 2 of the National Housing Act, as amended, the applicant shall certify that before making any loan contemplated in such section 2 it will make an independent determination that the loan is sound.

"RENT AND SALES FORMULAS TO INCLUDE COST FACTOR

"SEC. 1003. In any case in which the Federal Housing Administration or any other Government agency is authorized to regulate or restrict rents or sales on property with respect to which a loan has been insured under the National Housing Act, as amended, actual cost shall be included as a factor in any formula for the determination of rental rates or sales price.

"RECORDS

"SEC. 1004. Every person benefiting by participation (either directly as an insured lender or as a borrower, or as a public housing

agency or local public agency, or indirectly as a builder or contractor) in any program under the National Housing Act, as amended, the United States Housing Act of 1937, as amended, or the Housing Act of 1949, as amended, shall to the extent his participation will enable him to do so, keep such records as the Housing and Home Finance Administrator may from time to time prescribe, in such manner as to fully disclose the disposition of the proceeds of any loan or grant, actual cost of any project under both prime and subcontracts, the full amount of the original loan or grant and supplemental loans or grants, and the amount of private capital used or local grants-in-aid made, and such other information as the Housing and Home Finance Administrator may deem necessary for the protection of the interests of the Government. Such records shall be kept in such form as to permit a speedy and effective audit.

"APPLICANTS FOR ASSISTANCE REQUIRED TO SUBMIT SPECIFICATIONS

"SEC. 1005. As a condition to the making of any loan or contribution or grant under the United States Housing Act of 1937, as amended, or the Housing Act of 1949, as amended, or the insurance of any loan under the National Housing Act, as amended, the Housing and Home Finance Administrator shall require that the applicant submit full specifications with respect to the housing unit or project the construction of which is to be assisted, or with respect to the acquisition of land or the development of facilities which is to be assisted, together with an itemization of costs, and the Administrator shall have authority to approve or disapprove (in whole or in part) or to modify any of such specifications or costs prior to approving any such loan or contribution or insurance of loan.

"FEDERAL INSPECTION

"SEC. 1006. Governmental assistance toward any housing construction, whether by way of grants, contributions, loans, or insurance of loans, under the National Housing Act, as amended, or the United States Housing Act of 1937, as amended, shall be conditioned upon a certification by an inspector to be appointed by the Housing and Home Finance Administrator that all specifications in such construction as to land, utilities, materials, workmanship, and engineering and construction have been met.

"AUDITS UNDER PUBLIC HOUSING ACT OF 1937; COMPTROLLER GENERAL

"SEC. 1007. All contracts entered into by the Public Housing Administration shall contain a clause to the effect that the Public Housing Administration shall have access to and the right to audit and examine any pertinent books, documents, papers, and records of any public-housing agency or its contractors or subcontractors that are pertinent to operations under the United States Housing Act of 1937; and the Comptroller General of the United States or any of his duly authorized representatives shall have the same authority to be exercised to the extent he deems necessary.

"AUDITS UNDER NATIONAL HOUSING ACT; COMPTROLLER GENERAL

"SEC. 1008. The Federal Housing Commissioner shall have access to and the right to audit and examine any pertinent books, documents, papers, and records of any mortgagor or mortgagee, or any person, firm, company, corporation, or organization who receives directly or indirectly any proceeds of an insured mortgage, that are pertinent to the issuance of certificates, financial statements, and reports required under the National Housing Act or regulations of the Commissioner; and the Comptroller General of the United States or any of his duly authorized representatives shall have the same

authority as the Commissioner under this section to be exercised to the extent he deems necessary.

"AUTHORIZATION OF HOUSING AND HOME FINANCE AGENCY REQUIRED FOR ADVERTISEMENTS OF GOVERNMENT PARTICIPATION"

"SEC. 1009. Section 709 of title 18 of the United States Code is amended by adding after the eighth paragraph thereof the following:

"Whoever advertises or represents in any manner whatsoever that any housing unit or project, with respect to which assistance has been granted under the National Housing Act, as amended, or the United States Housing Act of 1937, as amended, has been insured, guaranteed, approved, inspected, or appraised by the Housing and Home Finance Agency, or any constituent agency thereof, or its sale price or rental rate approved by any such agency, except upon written authorization of the Housing and Home Finance Administrator for use of the particular advertisement or representation; or."

"REPORT TO CONGRESS OF INFORMATION ON HOUSING"

"SEC. 1010. The Housing and Home Finance Administrator shall make an annual report to Congress containing pertinent information with respect to all housing and slum-clearance projects under his jurisdiction, including the amount of loans, contributions, and grants made or contracted for and other forms of assistance in the case of each such project (except sales of 1- to 4-family dwellings). Such information shall include costs for each project completed and in the case of supplemental insured loans shall specify the amount of the original loan and all supplements thereto."

Mr. BYRD. Mr. President, I wish to modify the language of the amendment. I desire to strike out section 1001. My reason for doing so is that the section relates to the reorganization plan relating to the Federal Housing Administration, which has been submitted, and the chairman of the committee, the Senator from Indiana [Mr. CAPEHART] thinks there should be hearings on that provision. I agree with that, and I desire to delete that section.

I also wish to delete section 1006, because I find the bill as reported by the committee, to which I did not have access until yesterday, contains practically the same provision.

I wish to modify my amendment further by deleting section 1008 for the same reason, that the subject matter of the amendment is covered in the bill as reported by the committee.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Indiana.

Mr. CAPEHART. We shall be happy, with those deletions, to accept the amendment of the Senator from Virginia.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Virginia [Mr. BYRD], as modified.

The amendment, as modified, was agreed to, as follows:

CERTIFICATION BY LENDER OF SOUNDNESS OF LOAN

Sec. 914. Every application for insurance under the National Housing Act, as amended, shall be accompanied by a certification of a prospective lender that on the basis of its own appraisal the lender believes the loan to be sound; except that in the case of an

application for insurance by a financial institution under section 2 of the National Housing Act, as amended, the applicant shall certify that before making any loan contemplated in such section 2 it will make an independent determination that the loan is sound.

RENT AND SALES FORMULAS TO INCLUDE COST FACTOR

Sec. 915. In any case in which the Federal Housing Administration or any other Government agency is authorized to regulate or restrict rents or sales on property with respect to which a loan has been insured under the National Housing Act, as amended, actual cost shall be included as a factor in any formula for the determination of rental rates or sales price.

RECORDS

Sec. 916. Every person benefiting by participation (either directly as an insured lender or as a borrower, or as a public housing agency or local public agency, or indirectly as a builder or contractor) in any program under the National Housing Act, as amended, the United States Housing Act of 1937, as amended, or the Housing Act of 1949, as amended, shall to the extent his participation will enable him to do so, keep such records as the Housing and Home Finance Administrator may from time to time prescribe, in such manner as to fully disclose the disposition of the proceeds of any loan or grant, actual cost of any project under both prime and subcontracts, the full amount of the original loan or grant and supplemental loans or grants, and the amount of private capital used or local grants-in-aid made, and such other information as the Housing and Home Finance Administrator may deem necessary for the protection of the interests of the Government. Such records shall be kept in such form as to permit a speedy and effective audit.

APPLICANTS FOR ASSISTANCE REQUIRED TO SUBMIT SPECIFICATIONS

Sec. 917. As a condition to the making of any loan or contribution or grant under the United States Housing Act of 1937, as amended, or the Housing Act of 1949, as amended, or the insurance of any loan under the National Housing Act, as amended, the Housing and Home Finance Administrator shall require that the applicant submit full specifications with respect to the housing unit or project the construction of which is to be assisted, or with respect to the acquisition of land or the development of facilities which is to be assisted, together with an itemization of costs, and the Administrator shall have authority to approve or disapprove (in whole or in part) or to modify any of such specifications or costs prior to approving any such loan or contribution or insurance of loan.

AUDITS UNDER PUBLIC HOUSING ACT OF 1937; COMPTROLLER GENERAL

Sec. 918. All contracts entered into by the Public Housing Administration shall contain a clause to the effect that the Public Housing Administration shall have access to and the right to audit and examine any pertinent books, documents, papers, and records of any public housing agency or its contractors or subcontractors that are pertinent to operations under the United States Housing Act of 1937; and the Comptroller General of the United States or any of his duly authorized representatives shall have the same authority to be exercised to the extent he deems necessary.

AUTHORIZATION OF HOUSING AND HOME FINANCE AGENCY REQUIRED FOR ADVERTISEMENTS OF GOVERNMENT PARTICIPATION

Sec. 919. Section 709 of title 18 of the United States Code is amended by adding after the eighth paragraph thereof the following:

"Whoever advertises or represents in any manner whatsoever that any housing unit or project, with respect to which assistance has been granted under the National Housing Act, as amended, or the United States Housing Act of 1937, as amended, has been insured, guaranteed, approved, inspected, or appraised by the Housing and Home Finance Agency, or any constituent agency thereof, or its sale price or rental rate approved by any such agency, except upon written authorization of the Housing and Home Finance Administrator for use of the particular advertisement or representation; or."

REPORT TO CONGRESS OF INFORMATION ON HOUSING

Sec. 920. The Housing and Home Finance Administrator shall make an annual report to Congress containing pertinent information with respect to all housing and slum-clearance projects under his jurisdiction, including the amount of loans, contributions, and grants made or contracted for and other forms of assistance in the case of each such project (except sales of 1 to 4 family dwellings). Such information shall include costs for each project completed and in the case of supplemental insured loans shall specify the amount of the original loan and all supplements thereto.

Mr. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement explanatory of the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ITEMIZED DESCRIPTION OF AMENDMENT TO THE HOUSING BILL (H. R. 7839)

Section 914 requires every application for loan insurance to be accompanied by the certification of a prospective lender that, on the basis of its own independent appraisal, the lender believes the loan would be sound. In the case of applicants for insurance to cover losses from improvement and repair loans, they would certify in their application that they would make no loans without their own independent determination that the loans were sound. (This amendment has two purposes. It would give the Administrator an independent appraisal to check against his agency appraisal. It would place some responsibility on the lending institution.)

Section 915 requires that "actual cost" be included as a factor in any formula for the determination of rental rates or sales price for any property on which Federal agencies are authorized to regulate or restrict rents or sales. (This amendment is intended only for purposes of full disclosure. The requirement for inclusion of "actual costs" as a factor in the formulae does not exclude other factors which should be considered. In previous formulas actual cost factor has been shown. Estimated replacement value, and other such language has been used.)

Section 916 requires recipients of insured loans, direct loans, and grants to keep records as prescribed by the Housing and Home Finance Agency Administrator in a manner fully to disclose the disposition of the proceeds and capable of effective audit. (Mr. Cole has admitted that records of the FHA do not readily disclose actual cost and other pertinent information. This amendment is another intended for purposes of full disclosure including actual cost.)

Section 918 gives the United States General Accounting Office permissive authority to audit the pertinent records and accounts of recipients of loans, insured loans, and grants. (It cannot be expected that the GAO can or will audit all of these accounts. It is intended as a full disclosure and safeguarding amendment of a permissive nature. It could be used in cases such as the 608 scandals. Two amendments are re-

quired: one to reach FHA insured loan recipients and the other to reach PHA and slum clearance direct loan and grant recipients.)

Section 917 requires applicants for loans (direct and insured) and grants to submit itemized specifications for proposed projects as a condition for consideration of the application and provides that the Administrator may accept the specifications as a whole or reject or modify any items. (This amendment is intended further to establish responsibility, and further contribute to full disclosure particularly with reference to costs. In addition, it would establish official specifications against which construction and building inspection could be made. It would provide also a basis for truthful representation of the property in advertising, etc.)

Section 919 requires written authorization from the Housing and Home Finance Agency Administrator for the advertising of any property for rent or sale as "insured, guaranteed, inspected, or appraised" by the HHFA or any of its constituent units.

Section 920 requires the Housing and Home Finance Agency Administrator to make a full report annually to Congress on housing projects under his jurisdiction. (The amendment takes into consideration the volume of the material to be covered and limits the actual cost, loan, and loan supplements information required to projects completed during the year. It is more general, requiring pertinent information with respect to the amount of loans, contributions, grants, contracts, and other forms of assistance on projects not completed during the year.)

Mr. MONRONEY. Mr. President, I have an amendment at the desk, and I ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment of the Senator from Oklahoma.

The CHIEF CLERK. On page 132, line 16, after the word "communities", it is proposed to insert a colon and the following:

Provided further, That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to the construction of a farm home on a plot of land 5 or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed \$100,000,000."

Mr. CAPEHART. Mr. President, we shall be very happy to accept the amendment offered by the Senator from Oklahoma.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. MONRONEY].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be offered, the question is on agreeing to the committee amendment as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

Mr. RUSSELL. Mr. President, very evidently there is not to be a record vote on the measure. A great many provisions of the proposed legislation meet with my hearty approval, but I wish to state for the RECORD that it contains other provisions which are repugnant to me. Since there will not be a yeas-and-nays vote, I want the RECORD to show that I shall vote against the bill.

Mr. MAYBANK. Mr. President, I presume the yeas and nays have been requested on the passage of the bill. If not, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. MAYBANK. It is satisfactory to me if a sufficient number of Senators do not second the request for the yeas and nays. I desire, however, that the RECORD show clearly that I shall vote against the bill, because, as the distinguished Senator from Georgia has stated as to his position, there are certain sections of the bill which are absolutely repugnant to me.

I am aware, of course, that the conferees will work out a bill which will have to come back to the Senate to be voted upon. I presume my good friend, the chairman of the committee, the Senator from Indiana, will suggest to the Presiding Officer of the Senate, that when conferees are appointed, I be appointed one of them.

I wish to have the RECORD show that I am opposed to some sections of the bill, and, under present circumstances, I am entirely opposed to any public-housing provisions.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill (H. R. 7839) was passed.

Mr. CAPEHART. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move that the motion of the Senator from Indiana be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Indiana.

The motion to lay on the table was agreed to.

Mr. CAPEHART. Mr. President, I move that the Senate insist upon its amendment, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. GOLDWATER in the chair) appointed Mr. CAPEHART, Mr. BRICKER, Mr. IVES, Mr. BENNETT, Mr. MAYBANK, Mr. ROBERTSON, and Mr. SPARKMAN conferees on the part of the Senate.

TERMINATION OF RAILROAD REORGANIZATION PROCEEDINGS, ETC.

Mr. KNOWLAND. Mr. President, it is not expected that the Senate will consider any measure on which there will be voting tonight, but I move that the Senate proceed to the consideration of Calendar No. 139, which is Senate bill 978.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 978) to amend the Interstate Commerce Act in order to expedite and facilitate the termination of railroad reorganization proceedings under section 77 of the Bankruptcy Act and to require the Interstate Commerce Commission to consider, in stock modification plans, the assents of controlled or controlling stockholders, and for other purposes, which had been reported from the Committee on Interstate and Foreign Commerce with amendments.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, for the information of the Senate, I may say that Senate bill 978 which is now the unfinished business, will be considered tomorrow. If and when that bill shall be disposed of, I shall then move that the Senate proceed to consider the following bills:

Calendar No. 1460, Senate Joint Resolution 39, proposing an amendment to the Constitution of the United States to enable the Congress, in aid of the common defense, to function effectively in time of emergency or disaster.

After that has been disposed of, it is expected that the Senate will proceed, on Monday of next week, to the consideration of H. R. 8680, making appropriations for the Department of the Interior for the fiscal year ending June 30, 1955, and for other purposes, which was reported to the Senate today. Whether the Senate will reach the consideration of the appropriation bill on Monday or Tuesday, I do not know.

There are a number of other bills, concerning which I have given prior notice, which are expected to be considered; and they include Calendar No. 1479, H. R. 8571, a bill to authorize the construction of naval vessels, and for other purposes; and Calendar No. 1443, Senate bill 44, to provide for the appointment of deputy United States marshals, without regard to the provisions of the civil service laws and regulations—a bill about the consideration of which I had previously given notice; but at the request of the distinguished Senator from Kansas and the distinguished Senator from South Carolina, I shall postpone a request to have the bill taken up until I can have further consultation with them.

I hope that by Monday or Tuesday of next week I shall be able to advise with the minority leader in regard to other measures to be considered.

Mr. President, in giving the prior notice, I overlooked one bill to which I desire to call the attention of the Senators from New Mexico. It is a measure which we also hope to consider tomorrow. I refer to House bill 9004, Calendar No. 1376, and the companion measure, Senate bill 3457, Calendar No. 1334, to authorize the appointment as United States Commissioner, International Boundary and Water Commission, United States and Mexico, of Col. Leland Hazleton Hewitt, United States Army, retired, and for other purposes. That measure is an

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 11, 1954
For actions of June 10, 1954
83rd-2nd, No. 107

CONTENTS

Appropriations.....3,7	Loans, farm.....6	Tobacco quotas.....5
Banking and currency.....9	Reclamation.....8	Trade agreements.....2
Exhibits.....12	Research.....12	Tung oil.....13
Foreign aid.....4,10	Soil conservation.....1	Water resources.....1,11
Housing.....6	Surplus commodities.....4	

HIGHLIGHTS; Senate committee voted to report watershed bill. House committee reported trade agreements bill, and Rules Committee cleared it. House Rules Committee cleared surplus commodities bill. House passed Labor-HEW appropriation bill. House Rules Committee voted to report resolution to send housing bill to conference. House recalled tobacco penalty bill to correct date.

SENATE

1. SOIL CONSERVATION. The Agriculture and Forestry Committee voted to report (but did not actually report) H. R. 6788, to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation. The "Daily Digest" states, "Major amendments adopted by the committee would;
"1. Eliminate requirement that each project be approved by the Senate and House Committees on Agriculture;
"2. Require that application of local organization for a project be approved by the appropriate State agency, or if no authorized agency, the State governor;
"3. Require local organizations to acquire land, easements, and rights-of-way necessary for project, but delete provisions requiring them to turn such land and rights over to the Federal Government;
"4. Require compliance with State water rights laws;
"5. Require local organizations to secure agreements that not less than 50 percent of the land above a retention reservoir installed with Federal assistance will be treated with proper soil conservation practices;
"6. Delete authority of the Department of Agriculture to contract for construction of works of improvement in watershed projects;
"7. Require approval of the Congress of any dams providing between 2,000 and 5,000 acre-feet capacity; and
"8. Provide that the President shall prescribe rules to assure coordination of the work under the act and related work of other agencies." (p. D661.)

HOUSE

2. TRADE AGREEMENTS. The Ways and Means Committee reported without amendment H. R. 9474, to continue the reciprocal trade agreements program for 1 year (H. Rept.

1777)(pp. 7553, 7578). The Rules Committee reported a resolution for consideration of this bill (p. 7578). It is expected that the bill will be debated today (p. D663).

3. LABOR-HEW APPROPRIATION BILL, 1955. Passed with amendments this bill, H. R. 9447 (pp. 7555-74).

4. SURPLUS COMMODITIES. The Rules Committee reported a resolution for consideration of S. 2475, which would be known as the "Agricultural Trade Development and Assistance Act of 1954" (p. 7578). This bill provides as follows:

Title I - Sales for Foreign Currency: Authorizes the President to negotiate and carry out agreements with friendly nations or organizations of friendly nations for the sale of surplus agricultural commodities for foreign currencies. Directs CCC, in accordance with directions of the President, to make available surplus agricultural commodities acquired by it; and authorizes letters of commitment to facilitate transactions under the bill through private trade channels. Authorizes appropriations to reimburse CCC for costs of commodities and administration. Limits transactions under this title to \$1 billion and (in general) to June 30, 1957. Permits the President to use these foreign currencies for development of new markets, purchase of materials for stockpiling, procurement of military equipment, goods or services for other friendly countries, increased production for domestic needs in friendly countries, payment of U. S. obligations abroad, foreign loans, etc.

Title II - Famine Relief and Other Assistance: Directs CCC to make available to the President such surplus agricultural commodities as the President may request for transfer to friendly countries or populations for relief purposes. Permits the President to grant surpluses to friendly nations to assist low-income groups through cooperatives. Authorizes use of \$100,000,000 worth of surpluses without regard to title II of the Mutual Defense Assistance Control Act. Encourages use of voluntary relief agencies. Limits total expenditures under this title to \$300,000,000, and limits the undertaking of new projects to June 30, 1957.

Title III - General Provisions: Authorizes the President to use CCC commodities to relieve distress in the U. S. (1) in areas of acute distress caused by unemployment, etc., if such use will not displace normal marketings, and (2) in connection with major disasters such as floods and tornadoes. Amends Sec. 416 of the Agricultural Act of 1949 so as to eliminate its limitation to "food" commodities, eliminate the necessity of finding that commodities are in danger of loss through deterioration or spoilage, establishment of barter as a priority disposal method, authority to dispose of commodities to State and Federal penal and correctional institutions and publicly owned hospitals, requirement that such use will not replace normal consumption, permission for advance estimates of available commodities, and authority for CCC to pay reprocessing, packaging, handling, and transportation charges up to time of delivery for distribution or export. Encourages exchanges of surplus agricultural commodities for strategic materials when such exchanges will protect the funds and assets of CCC.

5. TOBACCO QUOTAS. Recalled from the Senate S. 3050, to increase the penalty for excess marketing of tobacco, so as to correct the effective date (p. 7554).

6. HOUSING LOANS. The Rules Committee voted to report a rule to send H. R. 7839, the housing bill, to conference (p. D664). This bill includes a provision to continue the rural-housing program administered by this Department.

7. D. C. APPROPRIATION BILL, 1955. The Appropriations Committee reported without amendment this bill, H. R. 9517 (H. Rept. 1780)(p. 7578).

Increase Public Health Service funds by \$4 million; \$1 million of said increase to be allotted to each four National Institutes of Health as follows: National Cancer Institute, National Heart Institute, Institute of Mental Health, and Institute of Neurological Diseases and Blindness.

Increase amount provided for Federal Mediation and Conciliation Service by \$124,000.

An amendment that sought to raise by \$165,000 the amount provided for the Children's Bureau of the Social Security Administration was rejected.

As reported from the Committee on Appropriations the bill carried appropriations totaling \$1,948,946,011, which figure is \$302,243,250 under the 1954 appropriation and \$16,339,250 less than the budget estimates.

Pages 7554-7574

Bills Referred: Three Senate-passed bills were referred to appropriate committees.

Pages 7577-7578

Program for Friday: Adjourned at 2:17 p. m., until Friday, June 11, at 11 o'clock a. m., when the House will consider H. R. 9474, the reciprocal trade agreements extension bill.

Committee Meetings

DAIRY PRODUCTS

Committee on Agriculture: Continued executive consideration of the dairy products provisions as contained in the committee print relative to the long-range farm program. Made no announcement and recessed until tomorrow morning.

REAL ESTATE

Committee on Armed Services: Subcommittee on Acquisitions and Disposals approved for reporting to the full committee the following Air Force projects—No. 184, Bow Air Force Base, Maine; and No. 190, Tinker Air Force Base, Okla.

Also deferred action, pending receipt of further information, on Army project No. 85, Delaware, Lackawanna & Western Railroad Shop, Scranton, Pa.; and the guarantee rental housing projects in French Morocco and the Netherlands.

D. C. LEGISLATION

Committee on District of Columbia: Ordered the following bills reported to the House—

H. R. 1980, amended, to authorize construction of the Jones Point Bridge across the Potomac River.

H. R. 7128, amended, to permit employment of assistant real estate assessors from the Washington area instead of only the District.

H. R. 7132, to grant the Veterans of Foreign Wars real-estate tax exemption for a new headquarters near the Capitol.

H. R. 7853, to authorize policemen, firemen, and teachers to waive all or part of their pensions to become eligible for social security.

H. R. 8692, to allow payment of trust accounts in savings associations to beneficiaries.

H. R. 8973, to end the practice of issuing metal badges to cab drivers.

H. R. 8974, to permit investment of insurance funds in the International Bank.

H. R. 9077, to make available to D. C. judges the psychiatric and psychological services provided for in the D. C. Law Enforcement Act.

H. R. 9344, amended, to prohibit picketing in the vicinity of the White House.

S. 1004, to authorize the Commissioners to employ persons who had been convicted of a felony.

S. 2654, to authorize the Commissioners to sell an unused stone quarry in Montgomery County.

S. 2657, to increase the penalties for practice of medicine without a license.

S. 3213, to permit the Columbus University Law School to merge with Catholic University.

PHYSICALLY HANDICAPPED

Committee on Education and Labor: Met executively for consideration of subcommittee report regarding legislation for the physically handicapped. Recessed until tomorrow morning.

MUTUAL SECURITY

Committee on Foreign Affairs: Continued executive consideration of the Mutual Security Act of 1954, meeting with the following witnesses—Dr. D. A. FitzGerald, Deputy Director for Operations, Foreign Operations Administration; Lawrence F. Ebb, Associate General Counsel, FOA; P. P. Claxton, special assistant, Office of Assistant Secretary for Congressional Relations, Department of State; and Frederick Nolting, special assistant to the Secretary for Mutual Security Affairs, Department of State. Recessed on the measure until tomorrow morning.

MILITARY RESEARCH

Committee on Government Operations: The Riehlman subcommittee continued executive discussion of military research and development. Recessed until tomorrow morning.

IRRIGATION—RECLAMATION

Committee on Interior and Insular Affairs: The Harrison subcommittee approved for reporting to the full committee, H. R. 6882, to amend the act providing for the construction, operation, and maintenance of the Vermejo reclamation project, New Mexico, so as to provide for the discharge by the RFC of certain outstanding bonds; H. R. 7466, to authorize the Secretary of the Interior to execute an amendatory repayment contract with the Pine River Irrigation District, Colorado; and H. R. 9050, amended, to promote the apportionment of

the waters of the Columbia River and tributaries for irrigation and other purposes by including the State of Nevada among the States authorized to negotiate a compact providing for such apportionment. Testimony in support of the proposal was presented by the respective authors of the bills—Representatives Dempsey (New Mexico), Aspinall (Colorado), and Young (Nevada). Also heard on H. R. 7466 was Floyd Dominy, Chief of Irrigation, Bureau of Reclamation (Interior); while Richard Whitmer, Office of the Solicitor, Department of the Interior, testified on H. R. 9050. Representative Horan (Washington) also suggested amendments to this last-mentioned bill. Recessed until tomorrow morning.

NATURAL GAS

Committee on Interstate and Foreign Commerce: Held a hearing today on H. R. 134, a bill to authorize the Federal Power Commission to prescribe safety requirements for natural gas companies. Witnesses heard were Fred A. Hough, vice president, Southern Counties Gas Co. of California; Austin Roberts, National Association of State Utilities Commissioners, Washington, D. C.; Carl T. Kallina, representing the Federal Power Commission; and Eugene D. Hardison, representing the Bureau of Mines, Department of the Interior.

WAR CLAIMS—CONTRACTORS

Committee on Interstate and Foreign Commerce: Special Subcommittee on War Claims and Trading With the Enemy Acts heard testimony today on H. R. 4422 and S. 541, bills which would extend detention benefits under the War Claims Act to employees of contractors with the Federal Government. Witnesses heard were Representative Budge (Idaho); Lt. Col. Paul R. Wing, U. S. Army (ret.), Mathews, Va.; and Robert F. Kletinger, Washington (D. C.) attorney. Recessed subject to call of the Chair. Further witnesses are expected to testify on the subject.

CLAIMS

Committee on the Judiciary: Ordered reported favorably to the House 4 private claims bills (House), and tabled 2 others.

VESSELS

Committee on Merchant Marine and Fisheries: Ordered reported to the House H. J. Res. 534, to authorize Federal sale of certain war-built passenger-cargo vessels. Testimony on the subject was received from Louis S. Rothschild, Maritime Administrator; Capt. John H. Nevins, Jr., head, Transport and Petroleum Branch (Logistics), Office of Chief of Naval Operations; Ralph E. Casey, Associate General Counsel, GAO; George Killion, president, American President Lines; Ralph B. Dewey, representing the Pacific-American Steamship Association; Francis T. Greene, executive vice president, American Merchant Marine Institute; and Hoyt S. Haddock, Conference of American Maritime Unions.

WHITTEN RIDER

Committee on Post Office and Civil Service: Representative Whitten today discussed his rider-amendment which prohibits permanent promotions and appointments in the Federal civil service. A repeal of this rider has been proposed in connection with the current pay-raise increase legislation for Government workers. Recessed on the subject until tomorrow morning when organization witnesses are scheduled to testify.

HOUSING

Committee on Rules: Voted to grant a rule to send to conference H. R. 7839, Housing Act of 1954, instructing the House conferees to insist on the House position with respect to "Public Housing." Testifying on the subject were Representatives Wolcott (Michigan), Spence (Kentucky), Brown (Georgia), Phillips (California), and Fisher (Texas).

RECIPROCAL TRADE

Committee on Rules: Granted a closed rule providing for 3 hours of debate on, and waiving points of order against, H. R. 9474, to extend for 1 year the President's authority to enter into reciprocal trade agreements. Representatives Reed (New York), and Cooper (Tennessee) spoke in support of the legislation. Speaking in opposition to the closed rule were Representatives Simpson, Saylor, and Kelley, of Pennsylvania; and Bailey, Neal, Staggers, and Byrd, of West Virginia.

SURPLUS COMMODITY DISPOSAL

Committee on Rules: Granted an open rule providing for 2½ hours of general debate on S. 2475, as amended, re Presidential disposal of surplus agricultural commodities in foreign countries. Representatives Hope (Kansas), and Cooley (North Carolina) testified on behalf of the measure. Representative Vorys appeared in connection with provisions of the bill, which he stated should have come under the jurisdiction of the Committee on Foreign Affairs.

FEDERAL RESERVE

Committee on Rules: Granted open rules providing for 1 hour of debate on each of the following bills—H. R. 8729, to extend to July 1, 1956 (now 1954), the authorization of Federal Reserve banks to buy and sell any bonds, notes, or other obligations which are direct obligations of the United States; and H. R. 9143, to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank. Representatives Wolcott and Spence appeared on behalf of both measures.

VETERANS

Committee on Veterans' Affairs: Guy H. Birdsall and Dr. J. E. Fauber of the Veterans' Administration, testified today in open session on H. R. 7653, placing certain

SENDING H. R. 7839 TO CONFERENCE

JUNE 15, 1954.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 583]

The Committee on Rules, having had under consideration House Resolution 583, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 206

83^D CONGRESS
2^D SESSION

H. RES. 583

[Report No. 1859]

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1954

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution the
2 bill, H. R. 7839, to aid in the provision and improvement
3 of housing, the elimination and prevention of slums, and the
4 conservation and development of urban communities, with
5 the Senate amendment thereto be, and the same is hereby,
6 taken from the Speaker's table to the end that the Senate
7 amendment be, and it is hereby disagreed to, and that the
8 conference requested by the Senate on the disagreeing votes
9 of the two Houses be, and the same is hereby, agreed to.

83^d CONGRESS
2^d Session

H. RES. 583

[Report No. 1859]

RESOLUTION

Providing for sending to conference H. R. 7839,
a bill to aid in the provision and improve-
ment of housing, the elimination and pre-
vention of slums, and the conservation and
development of urban communities.

By Mr. ALLEN of Illinois

JUNE 15, 1954

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 17, 1954
For actions of June 16, 1954
83rd-2nd, No. 111

CONTENTS

Agricultural appropriation.....2	Foreign aid.....1	Research.....10
Alaska.....29	Hawaii.....6	Social security.....21
Appropriations.....3,14,18	Housing.....8	Soil conservation.....11,22
Auditing.....11	Lands, public.....13	Stockpiling.....1
Banking and currency.....7	Legislative program.....8,18	Surplus commodities.....1
Copper.....12	Loans, commodity.....16	Surplus property.....5
Dairy industry.....15	farm.....26	Trade, foreign.....1,9,12,18
Disaster relief.....1	Minerals.....13	Transportation.....19
Education.....1,18	Personnel.....31	Unemployment compensation.....25
Electrification.....27	Price supports.....15,23	Veterans' benefits.....26
Farm program.....23	Property.....29	Water resources.....6,30
	Reclamation.....4,17,20,24,28	

HIGHLIGHTS: House passed surplus commodities bill. House conferees were appointed on agricultural appropriation bill. House agreed to conference report on independent offices appropriation bill. Senate committee reported trade agreements bill. Senate debated defense appropriation bill. Sen. Knowland inserted list of large corn, cotton, and wheat loans. Sen. Humphrey criticized reduction in dairy supports. Rep. Miller, Nebr., introduced and discussed bill to establish national water resources policy.

HOUSE

1. SURPLUS COMMODITIES; FOREIGN AID. Passed with amendments S. 2475, to increase the consumption of U. S. agricultural commodities in foreign countries, etc. (pp. 7917-36).

Agreed to the following amendments:

- By Rep. Hope, to permit CCC funds to be used in financing non-CCC surplus commodities (p. 7917).
- By Rep. Abernethy, to delete language assuring that sales under the bill would not disrupt world prices of like commodities (pp. 7917-19).
- By Rep. Martin, Iowa, to insert language to protect the domestic mining industry in connection with stockpiling activities and to authorize a supplemental stockpile (pp. 7919-21).
- By Rep. Dies (by a vote of 64 to 45), to prohibit sales of commodities where the sale would enable the receiving country to sell to Iron Curtain countries or would increase trade between countries dealing with Iron Curtain countries (p. 7931).
- By Rep. Judd, as amended by an amendment by Rep. Bailey, to provide that payment for commodities may consist of strategic materials, services, and foreign currencies (pp. 7931-2).
- By Rep. Bailey, to require (rather than authorize) CCC aid for distress and disaster in the U. S. (p. 7932).
- By Rep. Gathings, to permit use of title I funds for international educational exchange program (p. 7933).

- By Rep. Heselton, to permit aid to intergovernmental organizations (pp. 7933-4).
By Rep. Marshall, requiring the labeling of famine assistance gifts to show that they came from the U. S. (p. 7934).
By Rep. Harrison, Nebr., to insure that CCC will get credit for foreign currencies used by Government agencies (p. 7934).
By Rep. Javits, to require that CCC certify the selling price in dollars to the recipient of what is being sold for foreign currencies (pp. 7935-6).

Rejected amendments by Rep. Davis (pp. 7921-5), Rep. Cooley (pp. 7925-6), Rep. Tollefson (pp. 7926-31), Rep. Williams (pp. 7934-5), and Rep. Fulton (p. 7935).

2. AGRICULTURAL APPROPRIATION BILL, 1955. Reps. Andersen, Horan, Hunter, Laird, Taber, Whitten, Cannon, and Marshall were appointed as conferees on this bill, H. R. 8779 (p. 7916). Senate conferees were appointed June 2.
3. INDEPENDENT OFFICES APPROPRIATION BILL, 1955. Agreed to the conference report on this bill, H. R. 8583, and acted on amendments which had been reported in disagreement (pp. 7936-7).
4. RECLAMATION. The Rules Committee reported a resolution for consideration of H. R. 4854, to authorize the Foster Creek division of the Chief Joseph Dam project, Wash. (p. 7917).
5. SURPLUS PROPERTY. Passed without amendment H. R. 9232, to extend until June 30, 1955, the period during which disposals of surplus property may be made by negotiation (p. 7940).
6. WATER RESOURCES. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full Committee H. R. 2843, to authorize the Interior Department to investigate and report to Congress on the conservation, development, and utilization of water resources in Hawaii (p. D693).
7. BANKING AND CURRENCY. Passed without amendment H. R. 8729, to extend until June 30, 1956, the authority of Federal Reserve banks to purchase securities directly from the Treasury in amounts not to exceed \$5 billion outstanding at any one time (pp. 7937-44).
8. HOUSING bill, H. R. 7839, is to be debated today (p. D692).

SENATE

9. TRADE AGREEMENTS. The Finance Committee reported without amendment H. R. 9474, to extend until June 12, 1955, the authority of the President to enter into trade agreements (S. Rept. 1605) (p. 7866).
10. RESEARCH. Received from this Department a printed copy of the OES report for 1953; to Agriculture and Forestry Committee (p. 7866).
11. SCS AUDIT. Received from the Acting Comptroller General a report on the audit of SCS for the fiscal years 1951 and 1952; to Government Operations Committee (p. 7866).
12. IMPORTS. The Finance Committee reported with amendments H. R. 7709, to extend the date of suspension of certain import taxes on copper (S. Rept. 1608) (p. 7866).

of the board, and Robert Kent, manager, both of the Talent District, Rogue River Valley; Jack Hoffbuhr, manager, Medford Irrigation District; Robert Root, Rogue River Irrigation District; Charles Strickland, Oregon State engineer, representing Gov. Paul Patterson; and Glenn Jackson, representing several organizations in Jackson County, Oreg. Hearings continue tomorrow.

SHIPPING BILLS

Committee on Interstate and Foreign Commerce: Subcommittee on Water Transportation held and concluded hearings on the following bills:

On S. J. Res. 67, to repeal certain World War II laws relating to return of fishing vessels—with favoring testimony from Eugene J. Ackerson, Chief, Division of Legislation, Maritime Administration;

On S. 1763, to amend the Revised Statutes relating to life preservers for river steamers—with favoring testimony from Comdr. Paul Savonis, U. S. Coast Guard; and

On H. R. 8538, to provide for the revocation or denial of merchant marine documents to persons involved in certain narcotics violations—with testimony favoring its enactment from Capt. James D. Craik, Chief of Merchant Vessel Personnel Division, Office of Merchant Marine Safety, Coast Guard Headquarters; B. T. Mit-

chell, Assistant Commissioner, Bureau of Narcotics; and Elizabeth A. Smart, representing the National WCTU.

Subcommittee adjourned subject to call.

TELEVISION

Committee on Interstate and Foreign Commerce: Subcommittee on Communications continued its hearings with regard to the status of UHF, and on S. 3095, to regulate multiple ownership of television broadcast stations. Witnesses heard today were Representative Moss; Irvin M. Kipnes, Beachview Broadcasting Corp., Norfolk; J. Earl Cullum, consulting engineer, Dallas; Franklin C. Salisbury, former Senator J. Howard McGrath, and Raymond Wilmotte, all of Washington, D. C.; Harry Tenanbaum, station WTVI, St. Louis; Noran E. Kirsta, WFTL-TV, Fort Lauderdale, Fla.; Gordon Brown, Rochester, N. Y.; and Harold Fellows, president, NARTB. Hearings continue tomorrow.

COUGAR DAM, OREG.

Committee on Public Works: Subcommittee on Rivers and Harbors and Flood Control met in executive session and ordered favorably reported to the full committee without amendment H. R. 7815, to provide for construction, operation, and maintenance of Cougar Dam on South Fork McKenzie River, Oreg.

House of Representatives

Chamber Action

Bills Introduced: 12 public bills, H. R. 9577-9588; 11 private bills, H. R. 9589-9599; and 3 resolutions, H. J. Res. 545, and H. Res. 587 and 588, were introduced.

Pages 7917, 7946

Bills Reported: Reports were filed as follows:

H. Res. 587, providing for consideration of, and 1 hour of general debate on, H. R. 4854, to authorize Federal construction, operation, and maintenance of the irrigation works comprising the Foster Creek Division of the Chief Joseph Dam project in Washington State (H. Rept. 1883);

H. Res. 588, providing for consideration of, and 1 hour of general debate on, S. 119, to provide for the construction of the Markham Ferry project on the Grand River in Oklahoma (H. Rept. 1884);

H. R. 6253, relating to overtime pay for employees of the U. S. Public Health Service, Quarantine Division (H. Rept. 1885); and

H. R. 8385, to amend provisions relating to townsites on public lands by making the size of townlots conform in size to local standards (H. Rept. 1886). Page 7946

Agriculture Appropriations: Disagreed to Senate amendments to H. R. 8779, Department of Agriculture

appropriation bill for 1955; requested a conference with the Senate; and appointed as conferees Representatives H. Carl Andersen, Horan, Hunter, Laird, Taber, Whitten, Cannon, and Marshall.

Page 7916

D. C. Doctors: S. Con. Res. 87, to rescind action of Speaker of House in signing S. 2657, to regulate the practice of healing art in the District of Columbia, and to authorize the Secretary of the Senate to reenroll the bill for purpose of correction, was adopted.

Pages 7916-7917

Surplus Agricultural Commodities: Passed, by a voice vote, and returned to the Senate S. 2475, to authorize the President to use agricultural commodities to improve the foreign relations of the United States, after adopting the committee substitute amendment. Prior to its adoption the committee substitute amendment was altered by adoption of amendments designed to—

Provide that funds of CCC may be used in exporting commodities that are not owned by the CCC.

Delete language assuring that sales under the act will not disrupt world prices of like commodities.

Tighten language providing famine relief and other assistance.

Insert language to protect the domestic mining industry in connection with stockpiling activities and to authorize a supplemental stockpile.

Prohibit sales of commodities where the sale would enable the receiving country to sell to Iron Curtain countries or would increase trade between countries dealing with Iron Curtain countries.

Provide that payments made for commodities may consist of strategic materials, services, and foreign currencies.

Permits use of title I funds for international educational exchange program.

Require labeling of famine assistance gifts to show that they came from the United States.

Rejected amendments that sought to—

Delete title II providing for free famine relief and other assistance.

Delete Presidential authority to dispense \$100 million worth of surplus agricultural commodities in furtherance of U. S. foreign policy objectives.

Delete language requiring recipient of free aid to pay transportation on same.

Channel this aid program through the Mutual Security Agency.

Pages 7917-7936

Independent Offices Appropriations: Adopted conference report on H. R. 8583, the independent offices appropriation bill for fiscal year 1955, and sent the legislation to the Senate. On the 10 amendments in disagreement the House voted to recede and concur in Senate amendments Nos. 7, 11, 12, 21, 35, and 38, and to recede and concur with amendments to Senate amendments Nos. 8, 22, 24, and 49.

Pages 7936-7937

SEC: Representative Harris was replaced as a conferee on S. 2846, to amend certain acts administered by the Securities Exchange Commission, by Representative Thornberry.

Page 7937

Federal Reserve Banks: Passed by a voice vote H. R. 8729, to amend section 14 (b) of the Federal Reserve Act, as amended, after rejecting a recommittal motion by a record vote of 80 yeas to 250 nays. The recommittal motion sought to require the Government to use cash that is now in banks before borrowing. A similar amendment had been rejected while in the Committee of the Whole.

This bill extends for 2 years, to June 30, 1956, the present authority of the Federal Reserve banks to purchase securities directly from the Treasury in amounts not to exceed \$5 billion outstanding at any one time.

H. Res. 577, the rule under which the bill was considered, was previously adopted.

Pages 7937-7944

Federal Reserve Banks: Adopted H. Res. 578, providing for the consideration of, and 1 hour of debate on, H. R. 9143, to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve

bank, but deferred until later the consideration of the bill.

Pages 7939-7940

Surplus Property: Passed by a voice vote H. R. 9232, to extend until June 30, 1955, the period during which disposals of surplus property may be made by negotiation.

Page 7940

Hawaiian Revenue Bond Act: H. R. 2844, application of Hawaiian Revenue Bond Act of 1935, was cleared for Presidential action when the House concurred in Senate amendments thereto.

Pages 7944-7945

Bills Referred: 34 Senate-passed bills were referred to appropriate committees.

Page 7945

Program for Thursday: Adjourned at 5:04 p. m. until Thursday, June 17, at 11 a. m., when the House will act on H. Res. 583, providing for disagreeing to the Senate amendment to H. R. 7839, to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and sending the bill to conference.

Committee Meetings

NAVY MEDICAL SERVICE

Committee on Armed Services: Subcommittee No. 2 agreed to report to the full committee H. R. 2224, choosing Chief of Medical Service Corps (Navy) from officers of rank of lieutenant commander or above. Also held over for further consideration H. R. 5528, regarding audit of accounts of discharged, retired, or relieved members of uniformed services. Recessed until tomorrow morning.

DECEASED SERVICEMEN—MEDALS

Committee on Armed Services: Subcommittee No. 3 agreed to report the following bills to the full committee—S. 1999, amended, to provide for the recovery, care, and disposition of the remains of members of the uniformed services and certain other personnel; H. R. 9001, to provide for the award of certain medals, crosses, and other similar awards in cases where the statement or report recommending the award was not completely processed because of loss or inadvertence; H. R. 9006, to amend the act of 1896, concerning the loan or gift of works of art and other material; and H. R. 9008, to provide for the deposit of savings of enlisted members of the Army, Navy, Air Force, and Marine Corps. Recessed until tomorrow morning.

MILITARY REAL ESTATE

Committee on Armed Services: Cunningham subcommittee approved five miscellaneous acquisition and disposal projects today (Navy Nos. 97 and 25, Army No. 85, and Air Force Nos. 198 and 199); and disapproved Air Force project No. 197. Representatives of the three services testified in connection with their respective subjects.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 18, 1954

For actions of June 17, 1954

83rd-2nd, No. 112

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

CONTENTS

Adjournment.....5	Foreign aid.....28	Personnel.....15,17
Appropriations.....6,7	Forestry.....19	Prices, support.....23
Banking and currency....25	Furniture.....3	Section 32 funds.....1
Budgeting.....24	Housing, farm.....2	Statistics.....27
Economic policies.....12	Imports.....4	Stockpiling.....29
Education.....9,16	Lands, public.....26	Surplus commodities..11,22
Electrification.....14	reclamation.....10	Vehicles.....3
Farm organizations.....20	Legislative program...5,13	Water resources.....21
Farm program.....8	Loans, farm.....2	Wildlife.....18
Fishery products.....1		

HIGHLIGHTS: House passed bill to earmark Sec. 32 funds for fishery products. House voted to send housing bill to conference. House passed bill to authorize GSA motor-vehicle pools and furniture control. Senate committee worked on farm program bill. Senate completed congressional action on independent offices appropriation bill. Rep. Cannon criticized flexible price supports.

HOUSE

1. FISHERY PRODUCTS. Passed without amendment S. 2802, which earmarks part of the Sec. 32 funds for education, publicity, and research in connection with fishery products until June 30, 1957, but limits the amount of expenditures for the purposes of the bill to \$3,000,000 annually, and limits the amount which may be used to purchase fish and other seafoods to \$1,500,000 (pp. 8029-31). This bill will now be sent to the President.
2. HOUSING LOANS. Agreed, 360-19, to a resolution to send to conference H. R. 7239, the omnibus housing bill which includes a provision to continue the farm housing program administered by this Department (pp. 8808-24). Senate conferees have been appointed.
3. VEHICLES; FURNITURE. Passed with amendments (essentially as reported) H. R. 8753, to authorize GSA to establish and operate motor vehicle pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct the GSA to report the unauthorized use of Government motor vehicles, and to authorize CSC to regulate operators of Government motor vehicles (pp. 8024-9).
4. IMPORTS. The Ways and Means Committee reported without amendment H. R. 9315, to extend on a reciprocal basis the period of free entry of Philippine articles into the U. S. (H. Rept. 1887) (pp. 8007, 8039).
5. ADJOURNED until Mon., June 21 (p. 8039). Legislative program for next week, as

announced by Rep. Halleck: Mon., Consent Calendar, Virgin Islands organic act; Tues., Private Calendar; followed by miscellaneous bills including the foreign-aid and farm-program bills if reported in time (p. 8031).

SENATE

6. INDEPENDENT OFFICES APPROPRIATION BILL, 1955. Agreed to the conference report on this bill, H. R. 8583, and acted on amendments which had been reported in disagreement (pp. 7971-2). This bill will now be sent to the President.
7. DEFENSE APPROPRIATION BILL, 1955. Passed with amendments this bill, H. R. 8373 (pp. 7969-88, 7991-3, 7996-8). Senate conferees were appointed (p. 7998).
8. FARM PROGRAM. In considering S. 3052, the overall farm program bill, the Agriculture and Forestry Committee announced that it "had tentatively agreed to — (1) authorize the CCC to pay processing and transportation costs of surplus food commodities distributed within the U. S.; and to portside for those being distributed abroad; (2) retain present law whereby penal and corrective institutions are not eligible to receive surplus food commodities without cost; and (3) a provision that beginning in 1956 the parity price for basic commodities cannot be reduced more than 5 percent per year during transition from old parity formula to the new parity formula."
9. EDUCATION. Passed as reported H. R. 7434, to establish a National Advisory Committee on Education, and H. R. 9040, to authorize cooperative research in education (pp. 8005-6).
10. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. J. Res. 165, to authorize the Glendo unit, Wyo., Missouri Basin project (S. Rept. 1615) (p. 7951).
11. SURPLUS COMMODITIES. S. 2475, the surplus-disposal bill, was ordered printed to show House amendments (p. 7959).
12. ECONOMIC POLICIES. Sen. Carlson commended the Administration's economic policies, including pricing, budgeting, taxation, and foreign trade, and Sen. Bush inserted a New York Times article on this subject (pp. 7960-1).
13. LEGISLATIVE PROGRAM. Sen. Knowland announced that today the Senate is to consider H. R. 6435, to extend the Commodity Exchange Act to onions (which was made the unfinished business), and S. 3487, to authorize banks of cooperatives to issue consolidated debentures. He indicated that the trade agreements bill would be brought up Mon. and that there might also be a calendar call. (pp. 7998, 8006.)

BILLS INTRODUCED

14. ELECTRIFICATION. S. 3623 and 3624, by Sen. Anderson (for himself and others), to provide for power generation at Cougar and Green Peter Dams; to Public Works Committee (p. 7952). Remarks of author (pp. 7952-7).
15. PERSONNEL. S. 3627, by Sen. Carlson, to correct a "loophole" in the Civil Service Retirement Act; to Post Office and Civil Service Committee (p. 7952). Remarks of author (pp. 7957-8).
16. EDUCATION. S. 3628 and 3629, by Sen. Upton (for himself and others), to amend and make permanent the program of school assistance in Federally affected

House of Representatives

THURSDAY, JUNE 17, 1954

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, as we again come unto Thee with our many needs, wilt Thou grant unto us wisdom of mind, sympathy of heart, clearness of vision, and depth of understanding.

May we daily follow the leading of Thy spirit in faith and fortitude, in humility and patience and seek to be more like the Master in character and conduct, in thought, word, and deed.

We penitently confess that we are frequently selfish and self-willed, and that we live so much for ourselves and so little for struggling humanity, baffled by the mysteries of life, burdened by tribulation, beshadowed by sorrows, and heartbroken by tragedies.

Help us to see more clearly that our high vocation is not merely that of legislating and enacting laws which compel obedience but to inspire mankind with that spirit of love and goodwill which is majestic in the humility, and infinite and undefeatable in the willingness to suffer and endure.

In Christ's name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

EXTENSION ON RECIPROCAL BASIS OF FREE ENTRY OF PHILIPPINE ARTICLES IN THE UNITED STATES

Mr. REED of New York submitted the following report on the bill (H. R. 9315) to provide for the extension on a reciprocal basis of free entry of Philippine articles in the United States:

The Committee on Ways and Means, to whom was referred the bill (H. R. 9315) to provide for an extension on a reciprocal basis of the period of the free entry of Philippine articles in the United States, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

H. R. 9315 would authorize the President to postpone for a period from July 4, 1954, to January 1, 1956, the time when United States import duties would begin to apply to Philippine articles provided that he finds that like treatment is accorded to exports of United States articles to the Philippines.

GENERAL STATEMENT

Under the Philippine Trade Act of 1946 (60 Stat. 143) and the executive agreement between the United States and the Philippine Republic signed on July 4, 1946, Philippine articles are admitted in the United States and United States articles are admitted in the Philippines free of customs duties until July 4, 1954. Section 202 of the act provides that most products of the

Philippine Republic are scheduled to become dutiable commencing July 4, 1954, at 5 percent of the rate applicable to like articles if imported from the foreign country which is entitled to the lowest rate. Commencing on January 1, 1955, and each January 1 thereafter, such Philippine articles will be dutiable at an additional 5 percent of the rate in question until January 1, 1973, on which date they become dutiable at 100 percent of the rate. Corresponding progressive duties are to be imposed on United States articles imported into the Philippines on each of the dates in question. Imports of sugar, cordage, and rice from the Philippines are, under the Philippine Trade Act, subject not only to the foregoing tariff provisions but also to absolute quotas. Imports of cigars, cigar filler and scrap tobacco, coconut oil and pearl or shell buttons are to be subject both to declining duty-free quotas (in lieu of progressive tariff duties) and to absolute quotas. After July 3, 1974, unless otherwise provided by statute or treaty, the absolute quotas referred to above will be removed and the full United States duty (not the rate applicable to articles if imported from the foreign country which is entitled to the lowest rate) will apply to all dutiable imports from the Philippine Republic.

It should be noted that, while there are no quotas on any United States exports to the Philippines in the agreement, there is a quota on any importation of leaf tobacco into the Philippines from any source which is provided for by separate Philippine legislation. It should also be noted that the act and the executive agreement deal not only with trade but also contains provisions with respect to currency matters, rights of American nationals in the Philippines, immigration, and related matters.

The sole effect of H. R. 9315 is to permit the President to suspend on a reciprocal basis the first two steps in the statutory formula with respect to progressive increases in tariff rates. If the full 18-month period of postponement is achieved, Philippine articles would first become dutiable on January 1, 1956, at 15 percent of the lowest United States duty on the articles in question. No provision is contained in the bill for the suspension of any of the steps in the progressively decreasing duty-free quota formula contained in the Philippine Trade Act. Thus none of the quotas provided for in the act are in any way affected by the bill. It should also be noted that since the bill provides for the entry of Philippine articles in lieu of the treatment provided in section 202 of the Philippine Trade Act of 1946 it will apply only to those articles to which section 202 would otherwise apply. Accordingly, the bill will not affect the operation of section 214 of the Philippine Trade Act of 1946 which provides for full duty on imports, in excess of duty-free quotas, of cigars, tobacco, coconut oil, and buttons of pearl or shell.

H. R. 9315 is supported by the Department of State, the Department of Commerce, the Department of Agriculture, and the Treasury Department. The Department of State has informed your committee that legislation along the lines of the bill has been requested by the Republic of the Philippines, and that the Philippine Legislature has already

ratified the proposed extension in the form authorized by H. R. 9315.

It is the view of your committee on the basis of the testimony received in executive session that a convincing case cannot be made for the enactment of this bill on solely economic grounds, either from the standpoint of the United States or of the Philippines. Your committee believes, however, that the bill should be enacted for reasons other than economic reasons. These reasons must be considered against the background of the relationship between this country and the Philippine Republic.

The relationship between the Republic of the Philippines and the United States is unique. Formerly a possession of the United States, the Philippines has achieved, with the wholehearted support of this country, its full and complete independence. The success of the Philippine Republic during the relatively short period of her independence in meeting the many problems with which she has been faced has gained for her the respect and admiration of the American people. The independence of the Philippines has thus served to strengthen the traditional bonds of friendship and mutual esteem which bind her people and those of the United States and which are becoming of increasing importance to both nations in the light of present conditions in Southeast Asia.

It has been reported to your committee that the Philippines Government strongly desires to effect certain basic modifications in the 1946 agreement insofar as it relates both to trade and to other matters. The Government of the United States has agreed to undertake negotiations to this effect. It is the understanding of your committee that the entire scope of the agreement, as well as commercial matters not covered by the agreement, will be reviewed during these negotiations with a view to possible revision of any aspects of the agreement which may require adjustment.

It is the further understanding of your committee that these negotiations will be undertaken on the basis of the principle of reciprocity so as to safeguard the mutual interests of both parties. There are many questions of interest to the United States with respect to exchange regulations, the foreign-exchange tax, import controls, American investments in the Philippines, the quota imposed by the Philippines on the importation of leaf tobacco, and the like, which your committee understands will be considered during the course of the negotiations.

It is believed, in view of these considerations and of the fact that a new administration took office in the Philippines on December 30, 1953, that, pending the outcome of these negotiations, the status quo with respect to the duty-free period of trade between the Philippines and the United States should be preserved for the limited period provided for in the bill. That purpose will be accomplished by the enactment of H. R. 9315.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House today for 5 minutes, following any special orders heretofore entered.

CALL OF THE HOUSE

Mr. BISHOP. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 86]

Albert	Doyle	Patten
Bailey	Eberharter	Perkins
Bentley	Feighan	Powell
Bolling	Frazier	Regan
Bonin, Pa.	Gathings	Rhodes, Pa.
Boykin	Harrison, Wyo.	Riley
Brooks, La.	Hart	Scherer
Buckley	Hillings	Shelley
Burdick	Jackson	Short
Busbey	Judd	Sutton
Camp	Kearney	Taylor
Cederberg	Kersten, Wis.	Teague
Celler	Krueger	Velde
Chatham	Lucas	Walter
Clardy	Lyle	Weichel
Curtis, Nebr.	Machrowicz	Westland
Dawson, Ill.	Madden	Willis
Dingell	Morrison	Wilson, Tex.
Dodd	Norblad	
Dondero	O'Konski	

The SPEAKER. On this rollcall 365 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HOUSING ACT OF 1954

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 583 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, with the Senate amendment thereto be, and the same is hereby, taken from the Speaker's table to the end that the Senate amendment be, and it is hereby disagreed to, and that the conference requested by the Senate on the disagreeing votes of the two Houses be, and the same is hereby, agreed to.

The SPEAKER. The gentleman from Illinois [Mr. ALLEN] is recognized for 1 hour.

Mr. ALLEN of Illinois. I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. Speaker, this resolution as it is presently constituted merely provides for the appointment of conferees on H. R. 7839, known as the Housing Act. Under the rules of the House and which this rule does not prohibit, a motion from the floor will be in order to instruct the conferees. I know that some Members are anxious to know about the procedure in this matter. After the debate on this resolution itself, which I do not think is controversial, I expect to move the previous question.

I think there is no doubt that we must have the conferees so there cannot be any question about the passage of the resolution. Then a motion will be in order before the Speaker appoints the conferees. That will be the procedure.

What is the situation here? As you know, when the housing bill was before us, it did not provide for public housing. The bill went to the Senate. The Senate added public housing. That is the reason we must appoint conferees, and send the bill to conference. It seems to me, Mr. Speaker, that we should not instruct the conferees and tie their hands. Before public housing can become law, there will be an opportunity for the House to vote upon it. So I say we should not instruct the conferees. We will have the opportunity to vote for or against public housing when the conferees come back and make their report.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. BROWN of Georgia. The House struck out public housing. The Senate struck out everything after the enacting clause and inserted an amendment to that housing bill. Now the whole bill has to be brought back to this House, does it not?

Mr. ALLEN of Illinois. That is correct.

Mr. BROWN of Georgia. How can we vote on public housing except by voting on it? Nobody wants to vote against the whole bill.

Mr. ALLEN of Illinois. I am not so sure. But we will have the opportunity to vote on this question.

Mr. BROWN of Georgia. I think the House ought to be put on record on any item in the bill that is in disagreement. I would like to have a record of that kind. I understand the gentleman is asking us to vote not to instruct conferees. I do not like to vote for a bill of that kind. I want public housing and any other item that is in disagreement voted on separately, and I would like to see a rollcall vote on it.

Mr. ALLEN of Illinois. The gentleman has a right to his opinion, and I say again that I, personally, think they should not have their hands tied by instructions. They should not have their hands tied, but they should go out and try to work out something. There are 154 various provisions in this bill, and let them at least go and have an opportunity to work out something that is agreeable.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. HALLECK. Of course, in response to the suggestion of the gentleman from Georgia [Mr. BROWN], he certainly knows that if the item of public housing is put in the conference report, the conference report could be voted down, which he says he would not want to do because of the overall situation. But, beyond that, a motion to recommit with instructions would be in order, and that motion would be to take out public housing. May I suggest further to the gentleman from Georgia, if a motion to instruct is made here at this time, it will not change the situation one bit. It does not bind the conferees. If they bring back a conference report in violation of that instruction, a point of order can be made against it. So certainly no change would be made in the

situation so far as the gentleman undertakes to raise a question about it.

Mr. BROWN of Georgia. The gentleman will agree with me that we had a rollcall vote on this item, and I voted for it.

Mr. HALLECK. That is right.

Mr. BROWN of Georgia. Do you not think the House ought to go on record again on this item by itself without any other thing being involved?

Mr. HALLECK. The gentleman asked me that question and I am going to say something about that in a moment. I think this proposition of an instruction in the light of the vote that was had, before the conferees go to conference, is one of the most ridiculous things I have seen proposed here in my time in the House of Representatives.

Mr. ALLEN of Illinois. I say in conclusion, Mr. Speaker, it seems to me that we should pass the resolution and then when the motion to instruct is made that would probably be the proper time to take that up.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. SMITH of Virginia. I would like to inquire of the gentleman from Indiana who just made the statement that it does not make any difference what we do about this thing and that it does not affect the situation one way or the other, then why all the hullabaloo and row about it?

Mr. HALLECK. That is what I am wondering about it—but I did not start it.

Mr. SMITH of Virginia. I have been wondering a long time too.

Mr. HALLECK. I am going to try to explain that in just a moment.

Mr. COLMER. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. FISHER].

Mr. FISHER. Mr. Speaker, I think this is about the eighth time since 1949 that this issue has been before the House. As I recall, public housing was authorized by a 5-vote margin back in 1949. Since that time it has been repudiated time after time by the House of Representatives only to be reinstated in the other body, and finally to get by with a limited number authorized each year. Let me talk to you for 1 moment about what this thing costs because this is a very proper place to have a showdown on this issue. This is the proper time to let the conferees know what our thinking is on it. There is nothing wrong about this procedure. We have been instructing conferees hundreds of times since I came here 12 years ago. So there is nothing unusual or out of balance about instructing them now. In 1951 we instructed the conferees to insist on the House position on the Cossett amendment limiting public housing units.

The conferees are entitled to know just and how the House feels at this stage of the proceedings. I wonder how many of you have stopped to think about how much this thing costs? I want to refer to that in this brief time that I have here. The Federal contribution is 4½ percent—2½ percent is the going rate plus 1 percent plus 1 percent of development

costs. If the cost is \$11,000 even, which is about the average, you multiply that by $4\frac{1}{2}$ percent over a 40-year period and you get 180 percent. One hundred and eighty percent times that gives you \$19,800 each, which is actually the Federal contribution which goes into each unit. We talk about balancing the budget. We talk about holding down the ceiling on the public debt. I understand we may be requested soon to raise it, and yet we are asked here today to go for this thing and to again reinstate a program which was killed decisively by the House last year by a vote of 245 to 117. It is a strange thing that here after all of these tests, and after all of these revelations that we are again called upon to express ourselves on this issue.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. FISHER. I yield.

Mr. FULTON. When you explain how much Federal money has gone into the house, why do you not take into account the rents which will be received during that period from the tenants to see what the real cost to the Federal Government is?

Mr. FISHER. Oh, I am so glad the gentleman raised that question. That is the crux and the weakness of the position of those who advocate public housing. The gentleman wants to be very honest about it. Go and read up on it. Do you know that hardly one dime of that goes into paying that cost? No—no—that does not affect the Federal contribution one bit. The Federal contribution goes right on just the same. Call down to the Federal Housing Administration and ask them how much of the local rents go into the payment of this debt, and the gentleman will be amazed at the answer, and he might vote against this monstrosity because it is the most expensive housing bill that was ever undertaken in this or any other country.

The gentleman from Mississippi proposed last time that we build these units, deed them to the people, and save money. You might say it is facetious, but I do not doubt that the actual mathematics will show we would save money by doing that.

Mr. FULTON. May I ask the gentleman seriously about the crediting of the rents paid by the tenants. Where are they credited, to what are they applied?

Mr. FISHER. In the first place, very little rent is paid, only token rent.

Mr. FULTON. But whatever rent is paid should be credited to the cost, should it not?

Mr. FISHER. It goes into the local operation, into mowing the lawns, local operating costs, and things of that kind. It goes into the local operation. I can understand that the gentleman could be innocently misled, but if he will take the trouble to call upon the Administrator of Public Housing, he will find that practically none of it goes into payment of the cost of construction.

Mr. FULTON. I certainly am trying to be fair about it.

Mr. FISHER. I know the gentleman is.

Mr. Speaker, if I have enough time, I just want to make one other point. I

talked about the cost of this. I think we ought to consider the cost of this thing; it is important that we keep that in mind. Let us see what this would cost if we just carry it on and do not keep it killed. If we built public houses for everyone in the country—every family—that earns \$3,000 a year or less, the total cost would exceed \$200 billion. How can we justify building such projects for some in that category and not support a program that would not do as much for all of them? This program is now dead; it was killed last year. Let us keep it that way.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, as we might say, "Here we go again."

I had hoped this situation would not arise, but it is here, and we have got to deal with it. I sincerely hope that we can deal with it in the proper light.

I am not quarreling with those who oppose public housing. They have taken that position over the years; they still believe that way about it. I say that opposition is all right with me. But I do think that in this instance the opposition has been going too far with it, that it has been pushing too hard. I think it has been seeking for ways and means, for purposes that are not completely clear to me, to have a vote here that, may I say, could be very largely misconstrued in many places.

First of all I would like to say to the membership that I have been checking around. I checked with the chairman of the House Banking and Currency Committee, and he does not recall of a circumstance when he has gone to conference with instructions such as are sought to be made here; and in my recollection, contrary to what the gentleman from Texas [Mr. FISHER] said about there having been hundreds and hundreds of motions to instruct similar to this, I cannot remember one.

I say that it is most unusual. Maybe we can check over the record and find whether there has been such instruction. But for myself, I do not remember any, and I doubt if there is a Member on either side of the aisle who remembers one in a situation similar to this. That is the reason why I point out that this motion to instruct should not be offered unless we just want to take an hour's more time perhaps on some other things.

Why do I say that?

When we had this bill before us originally there was no public housing in it. A motion to recommit was made, offered from the Democratic side, to include public housing. That motion to recommit was defeated. That was the expression of the House on that issue as the measure went to the other body.

I have confidence in the integrity of our conferees who go to the conference that in conference they would have the last vote of the House of Representatives in their minds as a part of the record. What do you add to it if you carry this kind of instruction to them? You add nothing.

I say I have confidence in the integrity of the conferees who will go to this conference from the House side. No one knows what will come back out of that conference; no one knows which side will yield. You cannot foresee that. As a matter of fact, by this motion to instruct, if it should be adopted—and I trust it will not be adopted, and again may I say I trust it is not offered—you do not change the situation one iota, because if the motion to instruct were carried and the conferees who went to conference brought the bill back from conference with some public housing in it the conference report would not be subject to a point of order. So what difference does it make? I say none at all.

When the conference report comes back action can be then taken. I say this to my friends who are leading this move on behalf of the motion to instruct here. It is true they can find plenty about which to complain to me, I am perfectly willing to grant that. But when it comes back you could vote the conference report down. Obviously no one would like to do that because it is of broad and far-reaching consequences. It contains many things in addition to public housing that should be included. I do not think it is fair to assume public housing is going to be included when it comes back. In any event you need not be put to the necessity of voting down the conference report because under the rules a motion to recommit with instructions to take out any public housing that might be included in the conference report would be in order. That is one way to meet the issue if you choose to do it. I challenge anyone to dispute my statement with respect to the parliamentary situation. As I said concerning the question raised by the gentleman from Georgia, if these instructions are not binding, then the conference report will come back without regard to any instructions that might be here voted.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. Before the Rules Committee I asked for a rule that would allow the conferees to bring back any item in dispute and not to be confined to bringing back the whole bill. I think that is sound. It proceeds on the idea that we have had a rollover on one or two items and I think it should be brought back to the House for further consideration. I asked for that kind of a rule.

Mr. HALLECK. Whether that is true or not, I still insist with respect to this issue which is sought to be resolved here and where it cannot be resolved with respect to that issue, and I say to these people who are leading the fight for the motion to instruct today, and I want my friends on my side of the aisle to understand this, they can offer a motion to recommit with instructions and present the issue then if it is necessary to present it. But why present it here again in light of the parliamentary situation and the record of the whole matter? I would not even suggest it. May-

be it is a slowdown of the program, maybe it is just to embarrass a lot of people with a vote that could be misconstrued and misinterpreted. I trust it is not that.

I have spoken of this housing program as a big overall program designed to furnish to the people who desire to own a home of their own in this country 1,400,000 units, to provide for the repair and renovation in the slum areas of 600,000 units. Yet the most that has been talked about with respect to public housing here is 35,000 units.

Now, there is the matter of principle. One can argue pro or con about public housing. But I do not think that is the issue here, in fact I know it is not the issue. This whole thing is procedural at this point and orderly procedure indicates and dictates leaving this completely out. It should not be in here, and I refer to the pros and cons on public housing as such.

The orderly procedure is for this measure to go to conference. There we will be represented by our conferees, who will be there as managers on the part of the House, cognizant, understanding, and knowing the record that has been written in the House of Representatives. Why, I was surprised and amazed when objection was made to permitting this bill to go to conference. It should have gone to conference immediately and possibly by this time this great program would have been worked out and on its way. Already there has been too much delay. I do not want any more. I do not want any further confusing of the real issue. I say that the parliamentary situation here is such that it is a matter of getting this important measure, this keystone of the Congress and the administration, a keystone to the success of our whole economy in the months and years ahead, to conference. The problem here is to get the measure to conference. Let us trust our conferees to go to that conference. Let us see what they bring back to the House and then if what they bring back is not what we like and want, let us say so at that time. But let us not confuse the issue, let us not drag a herring across the trail, let us not embarrass a lot of people again with a vote which could be and might be misconstrued. All you are doing then is to carry on the orderly procedures of the House of Representatives, may I say again, procedures that have been followed through the years that I have been here. This is a most unusual effort. I cannot understand for the life of me why this issue should be presented except that somebody perhaps likes to have a chance to talk again or to express an opinion. I think there is a time for that, but I do not believe that time is now.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. When this matter goes to conference and comes back from conference, is it understood that the House will act on the conference report before the other body acts on the conference report?

Mr. HALLECK. I am sure that is the situation, but I will address a parliamentary inquiry to the Chair.

The SPEAKER. The Senate would ask for a conference and if that procedure is carried out the House would act first.

Mr. BYRNES of Wisconsin. Under this situation we will have a chance to act, either approving in toto or turning down any items in the conference report before the Senate will have discharged its conferees.

Mr. HALLECK. As I understand the situation, and it has been confirmed by the parliamentary inquiry I have just addressed to the Speaker, the Senate having asked for the conference, the papers come to us, which means that a motion to recommit would be in order in the House.

Mr. BYRNES of Wisconsin. Then, it seems to me we do have protection against any question of the conferees not acting in accordance with the full intent and purpose of the House.

Mr. HALLECK. That is correct.

May I say again the vote at that time would mean something. This vote today means nothing as far as the parliamentary situation is concerned, except that it just puts us to the matter of voting again on something that I say is purely procedural, but will probably be heralded from the housetops as another vote pro or con.

Mr. SCOTT. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Pennsylvania.

Mr. SCOTT. I would like to say that I made inquiry of the Parliamentarian, and I understand when this conference report comes back to the House, if it comes back in disagreement, a preferential motion can be made to recede and concur in the Senate amendment with an amendment and that amendment can be made on this issue of housing if anyone wishes to do so, so we will have ample opportunity at that time.

Mr. HALLECK. I have never heard anyone challenge the proposition that I have stated, that when this conference report comes back, if it contains any public housing, there will be opportunity for those in opposition to public housing to then have a test vote in the House of Representatives.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Mississippi.

Mr. COLMER. It is not true that if the Senate should act on the conference first, that then we would not have an opportunity to so instruct?

Mr. HALLECK. Of course, the gentleman knows that under the rules the conference report comes here first for action. They ask for the conference. We act on it first. I am quite sure that the conferees on the part of the House would make no such arrangement as to send the papers over there first. In other words, may I say to the gentleman you are hard put to it now to conjure up some sort of an impossible situation that would again seem to justify this motion to instruct. I insist it is not justified; it

should not be made; you should not be acting to embarrass the program. You should join the issue when something can be decided and not at this time when nothing can be decided.

Mr. RIVERS. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from South Carolina.

Mr. RIVERS. I have heard the big defense by the gentleman, the majority leader, of public housing. I would just like to propound this question. In the event that the conferees are instructed—regardless of what you say about it, it does not make any difference from a parliamentary situation, and I am not impressed by the parliamentary inquiry—does the gentleman not believe that somewhere down the line the conferees of this House owe some sort of a moral responsibility?

Mr. HALLECK. Of course, they owe this House a moral responsibility. I do not know what the gentleman really means by "moral responsibility." Let us just say they owe the House of Representatives a responsibility, and that responsibility is to carry into effect as best they can what they understand the action of the House to have been. Certainly there is that responsibility. And, may I say again, I have no doubt as to the integrity of the conferees. I would be less than honest if I did not say that. If every time we went to conference on a measure both sides stood bow-legged and would not give an inch, you would never get any legislation passed. But, again may I say if the conferees bring back a conference report with any public housing in it, meet the issue then. Do not go through a lot of false motions here again today. I ask everybody to vote against this motion to instruct, if it is made.

Mr. COLMER. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, if this were a contest of ability between the distinguished majority leader, the gentleman from Indiana [Mr. HALLECK], and myself. I would be presumptuous, indeed, to attempt to answer the ingenious argument that he has made here. But, I am not interested in getting into competition in either an oratorical contest or an ingenious argument with my able friend.

The distinguished gentleman from Indiana started off his statement here by saying, "Here we go again." Now, I would like to repeat that and add a little something to what he said.

Here you go again, Mr. Majority Leader, but in a different direction. The gentleman from Indiana [Mr. HALLECK], when his party was in the minority, was one of the chief opponents, if not the outstanding opponent, of this so-called socialistic housing. I have a very high regard and a very warm affection for the gentleman from Indiana, and if I misquote him directly or by imputation, I should be glad to yield to him to be corrected. It would appear that when a man gets in a position of leadership his whole philosophy changes. It seems to do something to him. Here was the position of the distinguished gentleman from Indiana [Mr. HALLECK] back in

1949 under a Democratic administration. Just listen to this:

It comes as no surprise to you who have served with me here when I say that in the past I have opposed Federal public housing as a matter of good conscience. I have opposed it. My stand has been made known here time after time as the matter has been before us.

What has changed the situation? Does a change of administration change the hard facts in the case? Oh, I suppose we should be a little more lenient and sympathetic with a man when he gets clothed with the toga of leadership—I do not know. If this program was wrong in 1949 with me, as it was under a Democratic administration then it is wrong in 1954. The change of administration does not change the facts in the case. There was a great majority of the Members on my left, of the majority party, whom I am looking at this morning, who were responsible on three different occasions for killing this so-called socialistic housing. The last time was on April 2, a little better than 2 months ago. Those of the majority party, who then as now were responsible for the direction in which this country was going, said in the campaign 2 years ago that they were going to change all of this; yet my good friend, and their distinguished leader, comes down here this morning and makes, as I say, an ingenious argument to bypass the issue so that they will get another bite at it. Why pass it over?

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to my friend.

Mr. HALLECK. I appreciate the compliment paid me by the gentleman when he said that my argument was ingenious. Sometimes that word carries with it a connotation that is not too complimentary. Will the gentleman say whether or not it was a sound argument?

Mr. COLMER. Frankly, I do not think it was very sound. I certainly did not mean to reflect upon the gentleman by any connotation that might be put on any term that I used. But here is what my friend is trying to say to the good Republicans over there. He is trying to say to them, "Let us get this thing over now. Let it go to conference without any instructions, and then we will work out something over there." He is not actually adding that "we will work out something," but when it gets over there—the Senate—they will work out something and bring it back for the third time and ask the House to take another compromise. That is the soundness of his argument from his point of view.

Again, my friend says that it does not mean anything to instruct the conferees. If it does not, what harm is it going to do? Again I cannot understand that argument. Certainly the gentleman does not mean to say that House conferees would ignore the instructions of the House. Do you mean to say that when this House instructs the conferees to stand by what it did on April 2 that the conferees are going to regard those instructions as so much eyewash? I do

not think that is quite fair to the conferees.

Mr. Speaker, I wish my colleagues would hear me on this point, particularly. Make no mistake about it, the issue is drawn. It is clear as crystal. You cannot squirm around this way and that way and evade the issue. Whether the vote comes now on a motion to instruct as proposed or later on the conference report you must go on record for or against public housing. I cannot believe that the House will reverse itself.

The SPEAKER. The time of the gentleman has expired.

Mr. COLMER. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, when I asked for this time, I did not know I would be in hearty accord with the majority leader. I am seldom in that position, but I offer no excuses now because I am confident we are both right. This is a procedural question and nothing else. You appoint conferees to bring back to you a conference report to which both Houses can agree through a spirit of conciliation, concession, and compromise, and if that procedure were not followed where differences have arisen there would be no legislation. Suppose the other body had passed the same kind of resolution that you anticipate passing here to meet a condition which has not yet arisen, and which may never arise? Would there be any housing bill brought back? If you adopt the resolution contemplated instructing the managers on the part of the House to demand the provisions of the House bill with reference to public housing the Senate might well refuse to go into conference because it would not be a full and free conference. We ought to at least meet the other body in a spirit of some fairness. Public housing is not the only issue that is presented. There are many other differences between the House bill and the Senate bill, which we have to reconcile. The whole Federal housing program is at stake. Why should the managers on the part of the House go into conference with a padlock on our minds, and be unable to discuss all the issues in an endeavor to come to some compromise that will meet with the approval of both Houses? It is not taking the matter out of the hands of the House, if we agree and report. It will still have control over the conference report, and in the consideration of the conference report, you can undoubtedly get another vote, if you want it, on public housing. But that question may never arise. You are attempting to pass a resolution to close the minds of your conferees with reference to a condition that has not yet arisen and which may not arise. This is a ridiculous proposition. There is no precedent for it. It is not according to the established procedure of the House, and the more I study the rules of the House, the more respect I have for them. If this contemplated resolution is adopted, the managers on the part of the House will go into conference badly handicapped when we endeavor to get what we want. I think all of this

question about public housing which has been discussed here is irrelevant and immaterial at this time. It is only a question of how we shall bring a bill back to the House that you can consider. I do not think it would be a very great tragedy if it did not come back if it should be emasculated by instructions to the conferees over matters which has not arisen. One of the main purposes of the bill is to prevent and eliminate slums. The only way I see that they can be eliminated is to give some little consideration and some little preference and some little help to the people who are taken out of the slums. That is my honest opinion regardless of what the opinion of the House may be or what the opinion of the other body may be. I can make myself acquiescent to the will of the House, but my opinion will not change. I think it shows a lack of confidence in your conferees, that you would prevent us from acting in accordance with the rules of procedure of the House. I remember once I voted to bring back a conference report, and then I voted against it when it was considered by the House.

When some of my colleagues expressed surprise, I answered: "While I was in conference I was an agent of the House; now I am free and can act on my own judgment."

I could do the same thing in this conference.

If you vote for this resolution you vote to do away with the orderly procedure of the House. If every time a conference is agreed to on a bill containing a provision that stirs up violent opposition such as this one has, the same procedure will be followed, for you will have made a precedent.

I have so much confidence in the wisdom of the House that I know it is not going to adopt any such resolution.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 6 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this is one of the most monstrous things I have ever seen presented to us as a legislative body.

The amendment placed on this bill by the other body throws wide open and forever the public-housing situation with no limit upon it except a limit of 35,000 units a year for the first 4 years. It will cost billions of dollars; it is an absolute and complete abdication by the Congress, if it should pass, of representative government.

For my own part, I cannot go along with that kind of procedure. On top of that it carries a direct appropriation which, under the Constitution, the other body is not permitted to make—and it is not even as an amendment to a general appropriation bill—of \$50 million to the Housing Administrator to lend out to municipalities and States in a revolving fund to continue forever without any control whatever on the part of Congress.

I have been disturbed, frankly, as I have gone through this session and the last few sessions, by practices that have grown up here with which I cannot agree. For instance, there will be unobligated

funds of \$14½ billion carried forward in the Military Establishment beyond the 1st of July which can be obligated thereafter.

Our control over appropriations must be reestablished if we are to retain representative government in the United States. Frankly, this thing can go on, it can go on and on; this thing can cost you without any annual action by the Congress, billions of dollars without any limitation whatever. Those of you who have studied the situation carefully have come to realize that the more we get into this public housing the less housing we provide for the people. That is one of the worst curses of the whole thing.

Goodness me, I was over in New York getting off at the airport a couple of weeks ago and saw where they were tearing down thousands and thousands of structures that had been built by this outfit—tearing them down because they were no good. Is it not time for the people of this country and for the Congress to become aroused and to appreciate our responsibility?

For my own part I shall vote wherever I can to make this item as little as possible, and to eliminate it if it is possible.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. DIES. I have great confidence in the gentleman's integrity and his patriotism. The important question for most of us is to be sure that we have an opportunity to vote on this public housing before this bill becomes a law. Does the gentleman think that we can be assured of such a vote if we do not insist upon this motion today?

Mr. TABER. Mr. Speaker, this is the situation parliamentarily. If a conference report comes back that is not satisfactory to the House, a motion to recommit is in order where any germane amendment would be in order and where things might be eliminated that were in it. If a motion is made to recede and concur, the practice is to divide the question and vote on the recede and then a motion to concur with an amendment would be in order first.

For my own part I favor the Federal Housing Administration items that were in the bill when it passed the House, but I do not favor these trimmings that have been put on it that makes it so monstrous.

Mr. COLMER. Mr. Speaker, I yield such time as she may desire to the gentlewoman from Idaho [Mrs. Frost].

Mrs. FOST. It is with great satisfaction that I learned the Office of Defense Mobilization has announced it will now buy lead and zinc at the market price for the stockpiling program. This is a complete reversal of policy which I protested so vigorously on this floor 2 days ago.

ODM now says it was all a mistake. I am certainly glad it was—and I am glad I raised my voice in protest—for if the order had been allowed to stand it would have been a dead giveaway that this administration is not really interested in the welfare of the domestic lead-zinc industry; that it is only inter-

ested in buying metals at bargain prices.

If any further indication of extreme shortsightedness creeps into the administration of the new so-called long-term stockpiling program I shall again speak up, as I hope other western Members will, also.

Mr. Speaker, I read into the RECORD an article from this morning's Wall Street Journal which more fully covers the ODM about-face on this important matter:

GOVERNMENT NOW WILL BUY LEAD, ZINC FOR STOCKPILE AT MARKET PRICE

WASHINGTON.—The Office of Defense Mobilization announced late yesterday the Government will now buy lead and zinc at the market price for its new long-term stockpile program.

The new policy clears the way for Government acceptance of offers of newly mined lead that were turned down at 14¼ cents a pound late last week and at 14 cents early this week.

The ODM, in a short statement issued late yesterday afternoon, said the initial purchase directive given the General Services Administration set ceiling prices for the two metals. When GSA went into the market to purchase lead, it was already above the ceiling price, ODM said.

Defense Mobilizer Arthur Flemming, who spoke briefly to reporters, noted the original directive to GSA authorized it to buy lead under 14 cents. For this reason the GSA had to reject the two offers of lead at 14 and 14¼ cents because they were above the lead ceiling in the purchase directive.

From here on out they (GSA) buy at the market, Dr. Flemming declared. I think the other policy was a mistake.

The refusal of Government stockpilers to accept lead last week threw lead producers and custom smelters into a turmoil. Confused industry men wanted to know immediately at what price the Government would accept lead. They wondered why the Government had indicated a willingness to accept zinc at 11 cents a pound when it already had refused to accept lead.

Dr. Flemming gave the answer to this question yesterday. He disclosed the directive authorized the GSA to buy zinc at under 13 cents. Therefore, the GSA stockpile buyers had no difficulty in accepting the metal at 11 cents a pound.

Dr. Flemming made it clear the ODM will authorize the GSA to buy metals for the stockpile at the market from here on out. He said the new directive that will go to the GSA next month to guide that agency in its purchases for the next fiscal year also will contain the new policy.

As far as I am concerned, he emphasized, whatever we authorize GSA to buy, they are to buy at the market.

(Mrs. FOST asked and was given permission to revise and extend her remarks.)

Mr. COLMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Maryland [Mr. GARMATZ].

Mr. GARMATZ. Mr. Speaker, it is urgent that we complete action as soon as possible on the new housing bill and get the new law into operation. We are falling behind on housing construction. Yet it is one of the essential industries in stimulating a revival of employment and economic activity in the United States, and thus ending this recession.

There has been too much maneuvering and stalling and parliamentary tricks in an effort to kill the public housing provisions of the bill. This has been de-

laying passage of the whole bill, at a time when housing starts, as I said, are running behind.

I am glad that the Republican leadership here in the House is permitting us today to vote on the question of sending the bill to conference, so that the differences between the House and Senate versions can be ironed out in a compromise bill. I do not know just who deserves the major share of the credit for this decision to let us send the bill to conference. Up until yesterday, this simple parliamentary process had been stymied by an unheard-of and unprecedented action by the Rules Committee, in voting to prevent the House from sending the bill to conference, unless at the same time, the House also took a flat, unequivocal stand against any public housing in the final bill.

This was indeed going to extreme lengths to defeat the modest Eisenhower proposals on public housing. What we had in effect, was a combination of Republican House leaders, telling their own President that no matter how little he recommends on public housing, or how good his reasons are for wanting even that little amount of public housing, they would not let us let him have it.

The whole history of the House action on public housing this session—and, in fact, this whole term of Congress—has been one of savage opposition, cloaked in parliamentary doubletalk.

The Appropriations Committee, which has no proper jurisdiction over long-range housing policy as such, took steps to kill off public housing through riders to the independent offices appropriation bill.

Yet, while the Appropriations Committee was reaching out into this field to kill public housing—without any protest from the Republican leadership of the House Banking and Currency Committee, which has proper legislative jurisdiction over this matter, the Banking Committee itself was reporting out a housing bill which left out any mention whatsoever of public housing. It just ignored it. The reason it gave for that omission was that under the Housing Act of 1949, no special or new authority was necessary to permit the President to authorize his drop-in-the-bucket public housing program of 35,000 units a year.

Even after the House riddled the appropriations act with parliamentary maneuvering intended to repeal the 1949 law on public housing, the Banking Committee's leadership still made no protest and still took no steps to repair this damage in the housing bill itself.

The efforts of those of us on the Democratic side to overcome this problem by writing into the new housing bill specific language on public housing was defeated, virtually on a straight party-line vote.

When the bill went to the Senate, a specific, a specific provision covering public housing was written into it by the Senate. Now that issue is to go to conference. But here we have the spectacle again of the House Republicans seeking to tie up the conference committee so as to prohibit it from including any effective public housing in the final bill, not even

the President's proposed little program of 140,000 units over a period of 4 years.

Those efforts must be defeated here in this House today. We must permit our conferees to go into conference with open minds, to approach this issue in reasonable fashion on its merits.

It seems to me, Mr. Speaker, that most of the ranking Republicans on the House Banking and Currency Committee have in the past demonstrated such opposition to public housing, that even the bitterest foe of public housing could trust their judgment as conferees on this subject. If they go into the conference uninstructed, that does not mean that they are suddenly going to drop all of their old prejudices to public housing, without a full and searching examination of the facts.

So, as I see it, the House can be sure its Republican conferees on the housing bill will, by their very natures, and in view of their legislative backgrounds, be tough customers for the Senate conferees on this subject of public housing.

Therefore, it is unnecessary for us to tie their hands or to bind them in advance on what they can or cannot agree to. If they surrender on this point, and give in to the Senate, it will be only because they have been convinced by an overwhelming weight of facts.

Do not their colleagues in the House who have shared this past opposition to public housing, trust their Republican conferees to use good sense and good judgment? Do they not believe the Republican conferees from the House will really be conscientious?

Mr. Speaker, even if the top Republican members of the Banking Committee who would be the House conferees on this matter, were suddenly to see the light and were suddenly to be converted to the advantages and needs for public housing, the most they could agree to in conference would be this timid and inadequate program of 35,000 units a year for 4 years. That is what the President has asked for and what the Senate has agreed to. Since the House bill contained no public-housing provision, the conference committee would have to compromise somewhere within the range of this disagreement, on a figure no higher than 35,000 units a year down to no units at all.

Actually, we need at least 2 or 3 times 35,000 units a year to begin to catch up with the requirements for public housing in the United States. The 1949 act called for 125,000 units a year. Some experts now place the need at 200,000.

In Baltimore, as in most of our cities, and even in the many rural areas where the public housing program has been a great success, the people recognize its value and want more, rather than less accomplished in this field. Our cities have tremendous programs for redevelopment of slum areas. Many of those plans are held up by the terrible difficulties of finding suitable housing for the present residents of those slum areas. Public housing is vitally necessary to help provide a way out of this difficulty. The facts clearly show that private enterprise cannot possibly supply decent

housing at prices many of these people can afford to rent or buy.

It is not as if you were reducing the market for private housing by building public housing. It just does not work that way. It works, in fact, the opposite way. By providing some public housing for these people who now must live in the worst conceivable slums, you can clean out those ramshackle firetraps and health hazards and let private enterprise come in and build really good housing for moderate-income groups, redevelop the area and restore the older residential sections of our cities. Some of the best residential locations in our cities—close to downtown, convenient to shopping and stores and libraries and other attractions—are now the least attractive to live in, because of slum and blight. Private enterprise could share in the redevelopment of our cities and the revival of residential values in many old neighborhoods, only if we can clear out the slums. To do that, we have to have housing for the present slum-area families. And to relocate many of them, we must have some public housing.

I urge the House not to let blind opposition to public housing further delay the housing bill. I urge the House to send the bill to conference as we would send any other bill to conference, trusting the conferees to exercise judgment and compromise and intelligence in reaching agreement with the Senate on a final bill. And I urge the conferees, when appointed, to approach this issue of public housing with open minds and with compassion for the plight of American families now living in filth, disease, and primitive conditions hardly in keeping with our skills and abilities to build decent housing for all our people.

Recently, Mr. Speaker, a group of leading citizens of Baltimore met to pay tribute to Hans Froelicher, Jr., on his 10th anniversary as president of the Citizens Planning and Housing Association of Baltimore. The Republican Governor of Maryland, the Republican Solicitor General of the United States were among those who praised the work of this man and his civic agency toward achieving better housing for the people of Baltimore. Baltimore's work on the rejuvenation of private housing has been praised throughout the Nation.

Yet, midst the plaudits he received for the public-spirited community effort he has headed for 10 years, Mr. Froelicher had this to say—and I believe it is relevant to this debate:

I cannot simply stand aghast at the cost of slums, nor can I move away when I know there is a place at which a part of this could stop. For me, myself alone, I owe what hard and common sense I can hammer out to save my wages, my body, and my spirit.

While Baltimore has had some success in clearing its slums, he added:

Baltimore is not yet successful. Baltimore has lost its leadership in outside toilets, but still has the highest percentage of dilapidated housing of any large city.

This, Mr. Speaker, comes from a Baltimorean honored throughout the city and among housing experts throughout the country for the outstanding accomplish-

ments in the housing field he has helped to stimulate in Baltimore. And he says flatly the job is far from complete.

A comprehensive national housing law, including provision for public housing, is essential to us to complete the job in Baltimore.

(Mr. GARMATZ asked and was given permission to revise and extend his remarks.)

Mr. COLMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Speaker, this is not a time for provocative words. The housing problem in the big cities of our country, we who live in those cities are most familiar with. I wish to assure the House that the best thought and the most sincere effort is being given in those big cities by municipal administrations, by civic organizations, and by the people themselves to meet all the perplexing demands of the problem. We ask the sympathetic understanding of our colleagues who do not live with the problem.

I regret that the very term "public housing" has been permitted to become one of provocative challenge. Earnest, sincere but overzealous advocates of a cause must share in some measure the blame for this with equally sincere, equally earnest, and equally overzealous opponents. In the resultant bitterness alignments are made in passion and in prejudice, the simple outlines of a very real problem are lost to discernment in the clouds of issues and of philosophies that are entirely unrelated. The result is that our country suffers.

If I can make any contribution to this debate it can only be to the extent that I disassociate myself from this unhealthy climate of passionate controversy. I shall attempt to speak objectively and to confine my remarks to outlining the problem as we who live with it understand it.

I ask of you who do not live with the problem to receive my presentment with the same tolerance, if not of sympathy, that we from the urban districts accord to the problems with which you live and in the meeting of which we invariably seek to give you our cooperation. In my State we do not raise cotton and peanuts. Yet when our colleagues from States where the interest of cotton and peanut growers is so vital come to us for support for legislation helpful in that field we have never sought to defeat an honest effort for an honest economy by raising unrelated cries of socialism and statism.

CATASTROPHIC URBAN CHANGES

A great change is coming over our big cities. It is time that you who do not live in the big cities should be better informed as to the catastrophic shape of the change.

The change started with the adoption by one State after another of the State sales tax. Up to that time many State governments were in the red. With the adoption of the sales tax State treasuries over ran with accumulating revenues. In some States an effort more or less satisfactory in its results was made to give a just portion of this State revenue

to the various municipalities. In other States, my own State of Illinois being an outstanding illustration, this was not done.

I think I should at this point stress the vastly greater demand for necessary and expensive services upon the municipal government than upon the State of which that city is a part. These services cost tremendous sums of money. Without them millions of people could not live in health and in safety within the territorial limitations of municipal boundaries. A letdown of any one of these services, such as water and sewer and garbage collection, for a period of only a few days would lead to a pestilence decimating the urban population.

A very large contribution to the Federal Government and to the State government is made by the taxpayers of a great city like Chicago. Some of this goes to flood controls, to water developments, to agricultural price supports directly affecting people and economies far from our city of Chicago. Much of it goes, and I am concerned that the amount is so comparably excessive, to State government.

URBAN TAX DEMANDS

For the tremendous sums needed for municipal government, without which we are left as a helpless target for plagues and pestilence, we are left to go into the nooks and corners, putting taxes on this thing and that thing that the Federal and State tax collectors have overlooked.

It is not a happy picture. Unless more attention is given to it by the people who do not live in the cities, I hate to contemplate what the future may have in store.

Over one-half of the local tax dollar in Chicago goes for the maintenance of popular education. I want to emphasize that fact. We have the problem of local transportation. That is a problem that no American city has been able to meet with complete satisfaction for the reason that as nearly as possible all residents of a city must have equal transportation facilities at approximately an equal cost. We have our problems of water supply, of sewage, of policing, of fire protection, of garbage disposal, and of many other necessary services.

Despite all of these demands upon us we are so steadfast in our devotion to popular education that with no voice of protest anywhere we give more than one-half of our municipal dollar to keeping open the schools with their mission of contributing to the perpetuation of this Republic by providing a well-informed citizenry.

DISPLACED FARM LABOR

Now, Mr. Speaker and my colleagues, I come to the next and the more recent phase. At this point I am addressing my remarks especially to my colleagues from the Southland. You are not to blame. We in the cities are not to blame. It is all a part of the marvelous march of progress of the 20th century.

When machinery came to the farms of Dixieland, as well as to the farms of the Northland, there was less need for agricultural labor. Thousands of displaced

agricultural laborers, untrained for industrial employment and unaccustomed to the ways of metropolitan life, came into the large urban centers of the north.

If this had been a normal movement we would have been prepared to receive it. Chicago has done that before. We are proud that we are a great melting pot, proud that perhaps of all the cities of the world we are highest on the level of real democracy on which all people who come to mix their lots with ours remain to live. But this flow of population from recently mechanized agricultural areas descended upon us much in the nature of a tidal wave.

We just did not have beds enough.

I do not wish to be misunderstood. I do not wish the great heart and great capacity of the city of Chicago to be misjudged. Our doors are open to all who wish to come and spend the days that God has given them in our activities and in our society. Give us time and understanding and a little help and we will make all the required readjustments. We need your help.

ACUTE HOUSING SHORTAGE

Now, Mr. Speaker, I am getting down to the present realities. The cost of home construction at this time is much above the means of many of our people. The head of the rental management division of Draper & Kramer, a large and long-established real-estate management institution in Chicago, says that new 5-room apartments today have to rent around \$150 a month. He points out that in contrast a man can buy a new home and pay out about \$100 a month. The result is that the people who are in financial position to pay the prevailing rents in Chicago are more and more moving into new homes which they are purchasing in the suburban areas. Since the expiration of rent controls permits have been issued for only 2,680 apartments in the entire city of Chicago and of these 1,664 units were in public-housing projects.

The displaced agricultural workers from the South and other newcomers to Chicago have not the means either to pay rentals in desirable apartments or to purchase suburban homes.

MORE RENT INCREASES COMING

The Chicago Daily News of June 14, 1954, in an article by Albert Jedlicka, Jr., on page 1, under a 3-column head, states that the housing shortage in Chicago is so severe that rents this fall will pretty generally be increased from 5 to 20 percent. Let me quote briefly from Mr. Jedlicka's article in the Daily News:

The survey showed that predictions of real estate dealers of a loosening up in the apartment supply with decontrol of rents July 31, 1953, has failed to pan out.

Management firms handling approximately 14,000 rental units reported only 34 vacancies this month.

This is in line with estimates of only a 1 percent vacancy rate in all types of dwelling units made by the Real Estate Research Corp.

This is the situation as it applies to tenants who are looking for apartments and who presumably have the means to pay the required rents even though at sacrifice of other necessities. This must

suggest to my colleagues something of the problem that we in the urban centers face in finding living accommodations for the many newcomers who not yet have had the training and the opportunity for remunerative industrial employment. They must be sheltered. Once adjusted they will be as all others in our great city, a vital and vibrant part of us.

For those at this stage, Mr. Speaker, a reasonable amount of public housing is the only remedy that we see. Nor can we see how we can continue in the great public works in which we are engaged unless we have some measure of public housing.

MAKES SUPERHIGHWAYS POSSIBLE

Let me illustrate, not in the spirit of provocative controversy, but in a most respectful and sincere effort to acquaint you with the realities which we face. We in Chicago presently are building at a tremendous cost a system of superhighways. This has been made necessary by the change which motor transportation has made on all sections of our country and on all phases of our activities. Blocks of homes, including a number of hotels in which many guests were permanent residents, had to be demolished. While this work was going on, and the housing shortage in Chicago was acute, many of the dislodged families were temporarily accommodated in public housing projects.

Mr. Speaker, I trust that these humble remarks of mine will be taken by my colleagues on both sides of the aisle as an earnest gesture toward a better understanding. The times in which we live are too filled with perils for us to be divided in a field where there should be no division. In all areas of our activities, as a people, we have our problems peculiar to those areas. I hope and pray that we will work together, each group seeking to understand the other's problems and always to be helpful.

I have the faith, Mr. Speaker, that upon further contemplation, and acting in the spirit of understanding in which these remarks have been made our colleagues will not insist upon instructions to the House conferees tying their hands.

(Mr. O'HARA of Illinois asked and was given permission to revise and extend his remarks.)

Mr. COLMER. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GRANAHAN].

Mr. GRANAHAN. Mr. Speaker, the House has voted twice this year against public housing. Each time, it made a serious mistake. Now we have a third chance. The other two votes were serious, but not fatal. But this time we are facing the showdown.

When the House failed late in March to amend the independent offices appropriation bill to repeal the rider which limits public housing to the 33,000 units or so presently under contract and then ends the whole program, we knew we had another chance on this matter in connection with the overall housing bill.

When that bill came up early in April, we tried to amend it to authorize the 35,000 units a year for 4 years which

the President had recommended. This is a very inadequate kind of program, to be sure, but at least it is something. However, the President's own party here in the House beat down our amendment. So we missed out on chance No. 2.

Fortunately, the Senate amended the bill to include the 35,000 units a year for 4 years—and the bill then came back to us. We had the choice either of agreeing to the Senate changes in the bill or of sending it to conference or of letting it die without taking any action.

In view of the tremendous importance of housing legislation to our whole economy—and I mean all types of housing legislation and not just public housing—it was inconceivable that the omnibus housing bill could be permitted to die. The whole private building industry in the country is dependent upon the kind of housing legislation we pass, dealing with financing of VA and FHA homes, and dealing with municipal redevelopment and slum clearance.

So the fight has been in connection with sending this bill to conference, where conferees from the House and Senate can agree on a compromise bill. Efforts are being made here to tie the hands of the House conferees on public housing so that they cannot agree to the Senate version of 35,000 units a year for 4 years. Opponents of public housing here in the House want to kill the program entirely, and to tie the hands of the House conferees so that they have to hold out against any public housing in the compromise bill.

So now we face that issue the third time this year.

**PUBLIC HOUSING HAS DONE REMARKABLE JOB
FOR CITIES**

Mr. Speaker, I would like in this connection to cite a portion of a letter I have received from the mayor of Philadelphia, the Honorable Joseph S. Clark, Jr., representing the views of the mayors of 18 major cities in the United States—Atlanta, Baltimore, Buffalo, Denver, Kansas City, Knoxville, Louisville, Milwaukee, Minneapolis, Newark, New Orleans, New York, Philadelphia, Pittsburgh, Providence, St. Louis, San Francisco, and Seattle.

After discussing at length the deficit of housing in our country, and the need for an effective attack on slums, the mayors said in their letter:

Yet Congress is now asked to provide only 35,000 units of public housing a year—less than the minimum of 50,000 units required by the Housing Act of 1949. Moreover, the House of Representatives has failed to authorize even this inadequate number of units. In view of the shortchanged number of public housing units which have been authorized up until now under the 1949 act, the Federal program should more appropriately be set at the maximum permitted—200,000 units per year.

Mr. Speaker, I should say that I agree wholeheartedly with that. President Eisenhower has been much too timid in seeking effective housing legislation. On the other hand, I know that he originally looked at this problem with complete lack of sympathy and tried to figure out some way to end public housing. But he found that was impossible if we are really to clear out slums. So

it was a big victory for the principle of public housing that he finally had to come around to the view that it was still needed. Therefore, although 35,000 units a year are very little and will not go very far in meeting the need, they represent a great victory for the principle of the program started under President Roosevelt.

In any event, the mayor's letter continued:

The Congress appears determined to choke off the public housing program entirely on the grounds that they are not much improvement over slum areas. We cordially invite any Congressman who shares this view to visit the public housing projects that have been constructed to date in our various cities. We are confident they will be recognized as substantial contributions to better living conditions for fine American families.

I would like to add, Mr. Speaker, that in Philadelphia both Republicans and Democrats share our pride in our public housing projects. The previous administration in Philadelphia, a Republican administration which had been entrenched in power for decades and was never dislodged during even the height of the Democratic sweeps of the 1930's, finally came around to the view that public housing was desirable and good for the city.

So, with us in Philadelphia, this matter has not been a partisan one for some time. The same is true, I believe, in most of our cities where projects have been in operation.

The President has asked for very little on public housing. If his own party in the Congress turns him down even on that inadequate amount, the Republican Party will never be able to live it down.

(Mr. GRANAHAH asked and was given permission to revise and extend his remarks.)

Mr. COLMER. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. DIES].

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield to the gentleman from Indiana.

Mr. HALLECK. With reference to the question the gentleman addressed to the gentleman from New York [Mr. TABER], there is not any question but what under the rules of the House and under the parliamentary situation if this conference report comes back with public housing in it and the opponents of public housing want a separate vote on it, that vote can be had.

Mr. DIES. Mr. Speaker, that is the thing I am vitally concerned with. I simply cannot understand how the House could reverse its position on this fundamental issue.

One of the memorable highlights in this session was the fine demonstration of patriotism and courage shown by Americans on both sides of this aisle when they rejected this socialistic proposal. That gave hope and encouragement to every friend of the American system everywhere.

I do not believe that it is possible for those of us who want to be intellectually and morally honest to reverse ourselves on something that is so fundamental just because an administration favors it.

Let me say this to my Republican friends: If you think you can gain political support by trying to out-New Deal the New Dealers, you are badly mistaken. The people who believe in new dealism are never going to accept you when there is a real New Dealer on the ballot. I would urge you with all the sincerity of which I am capable that you be true and loyal to the professions and to the convictions that you have heretofore expressed.

I understand the attitude of my friend from Indiana [Mr. HALLECK]. I am not condemning him. He is a leader and as a leader he is doing the very best he can to carry the ball for the administration.

But I suspect that he is very much like a colored preacher down in my district who announced that on a certain Sunday he was going to speak about the Devil. He got a great deal of advertisement. In the meantime several of my white friends heard about it, and they had their wives to make a devil suit, with horns and everything. And on the appointed night when the churchhouse was crowded and packed and jammed and this preacher was denouncing the Devil in the most vituperative terms, he said, "Ah, I am going to tell you: that Devil, that Devil, he has fire that comes out of his nose; he is wicked; he is evil, and I hates the Devil." About that time a white man, dressed in the Devil's garb, walked in through a rear window, and when he did, everybody rushed for the one door, and one of the brethren said: "Darn a churchhouse that ain't got but one door." And, finally, as they jammed there in the door, the pastor fell down on his knees and said to the Devil, "Ah, Mr. Devil, Mr. Devil, I know I been reviling you and I know I been abusing you, but please forgive me, Mr. Devil, cause my heart's been with you all the time."

I know, CHARLEY, you are with us. I know you do not believe in this, and I know that you know that you cannot get sound Republicans to reverse their positions. How can they go home and face a constituency that they have been talking Americanism to all of their lives and say, "Well, I finally surrendered"? I would rather be like Carroll of Carrollton who, when the time came to sign the Declaration of Independence, was told that if he did, they would burn his house down and they would hang him. And he said, "They may hang me to my gate; they may burn my house down, but I shall sign this declaration." And, I would rather be like Bowie who, in the last dying hours of the Alamo, asked that a line be drawn so that all who wanted to run could remain on one side, but all those who wanted to fight could move with him to the other side.

Mr. Speaker, I think the time has come when we Democrats and Republicans alike, who believe in America, who are opposed to statism and socialism, ought to stand up and be counted. Let us not be flimflammed out of our position against socialistic public housing.

(Mr. BARRETT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BARRETT. Mr. Speaker, I am vigorously opposed to any motion to in-

struct the House conferees not to yield on the point of public housing. I do not believe the hands of the conferees should be tied in this manner. It would be contrary to the purposes of House-Senate conferences if the House conferees were prohibited from negotiating on the number of public housing units which should be authorized.

It is my hope that the conferees on the housing bill will agree to the number of units authorized by the Senate—140,000—over a 4-year period at 35,000 units per year. Although this is the figure recommended by the President, I do not believe that even 140,000 units is adequate to wipe out the blight of slums and create decent living standards for our low-income families.

I believe the Congress should have voted at least the minimum of 50,000 units required by the Housing Act of 1949, which was passed by the Democratic administration. There are 10 million nonfarm housing units classified as substandard, according to the housing census of 1950. And today the need for slum-clearance and low-rent housing is far greater than it was then. In 1949 the Congress recognized the need for a public housing program. We understood that the program was temporarily curtailed only because of the Korean emergency. There does not seem to be any logical reason for not proceeding with the housing program at this time.

The housing industry is a basic part of our economy. Money spent in building new homes for our millions of families living in less-than-adequate dwellings stimulates not only the building trades, the materials dealers, the raw-materials producers, the investment business, and so on, but it has tremendous impact on practically every business and industry in the country. So a good housing bill accomplishes two great things: Better housing for more people, and more prosperity for everyone in the United States.

Philadelphia was recently placed in the critical surplus labor market category by the Bureau of Labor Statistics. It is also widely known that there are many blighted areas in Philadelphia. An adequate public-housing program for a city such as Philadelphia would help to solve two urgent problems: Housing and unemployment.

I therefore again urge that the House of Representatives agree to the 140,000 public housing units authorized by the Senate.

Mr. COLMER. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Speaker, after listening to the oration of the gentleman from Texas [Mr. DIES], I must say that I feel like a water pistol after a 155-millimeter howitzer has been sounded through the Chambers of this House. Yet, inadequate as my words may be in reply, I cannot let this debate go by without expressing my sincere convictions on one of the great issues confronting this House.

The gentleman from Mississippi [Mr. COLMER] emphasized again that the is-

sue is clear. I agree with him. The issue is very clear indeed, for when you consider the opposition expressed here today, one wonders whether we are dealing with a bill to provide shelter for all Americans, or only a privileged few.

Mr. Speaker, under the provisions of this bill, billions of dollars will be provided for FHA insurance of homes for people who can afford to buy homes. Under the provisions of this bill, billions of dollars are allocated for the purchase of mortgages by FNMA for homes of people who have the means to buy homes. Under the provisions of this bill, billions of dollars are allocated for veterans homes, for those veterans who are fortunate enough to be able to finance new homes for themselves. There is little, if anything, in this bill for the millions of Americans who are priced out of today's housing market and who are given no tangible relief under this bill. In spite of this fact, the gentlemen who have spoken here today want to dictate to the House conferees an even greater restriction. They want this House to guarantee that this bill will be a special privilege bill, that it will be a bill to provide housing, not for all Americans, but only for those who can afford to buy homes at today's high prices. What happens to the 40 percent of our citizens who earn less than \$3,000 per year? Is the American Government going to turn its back upon them and compel them to continue to live in slums and hovels while their more fortunate fellow citizens are given the advantages which Government incentives to private industry brings to them?

The gentleman from Texas spoke of Americanism as being opposed to public housing. I ask the gentleman from Texas, is it Americanism to make no provision for people who cannot afford to buy their own homes? Will he say that the late great Senator from Ohio, Robert A. Taft, was a Socialist when he advocated that this beneficent American Government, which provides a means of redress for all those who seek the promise of our Constitution, was a Socialist in advocating a program of housing for those who cannot possibly even consider the purchase of the most inexpensive homes offered in today's housing market? No, Mr. Speaker, he cannot be serious in professing a concept of Americanism which achieves the result in contradiction to the constitutional mandate of equal justice for every American. The issue is very clear and very clear indeed; will this House permit its conferees to consider a bill to provide shelter for all Americans, regardless of their financial position, for those of low income as well as those of higher income? That is the issue before us as I see it.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Is it not true that when the vote was taken on this issue in the Senate the vote was overwhelmingly for public housing and that the vote taken in the House was reasonably close?

Mr. YATES. I think there is no question of that. I think certainly you cannot send the conferees of this House to discuss a housing bill, handicapped, straitjacketed by instructions that they may not discuss housing for all the Americans who cannot afford to buy their housing.

Mr. DIES. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman.

Mr. DIES. Does the gentleman think the action of the other body is a recommendation?

Mr. YATES. I think this House in its own judgment can decide what it wants to do. In passing let me say further: Is it not strange that the strongest opponents of public housing are those who do not have large cities in their districts and who do not know at first hand the conditions which make public housing necessary? We who come from the great metropolitan areas of this country who have seen the filth, have seen the degradation, have seen the crime emanating from the slum areas and have seen the blight spreading know that public housing is essential. And yet these gentlemen would close their eyes to open facts and urge that the House take no action to remedy this evil. They propose that we shall close our eyes and our hearts and instruct our conferees, "No, you shall not even consider this vital matter when you confer with the Senate." The rules of the House provide for a fair and a full conference. Shall the House go contrary to its rules? Is that what this House wants to say to its conferees, "You shall not have a full conference, you shall have a conference only on the subject of housing for those people who can afford to buy their own houses"?

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman.

Mr. CANFIELD. When you combine the two votes in both bodies, is it not true that you will find a majority of the Members voting for public housing?

Mr. YATES. I thank the gentleman for his contribution.

In the field of housing we need new ideas and a courageous program for we are lagging behind our current requirements. We need a housing program which is geared to provide homes for all segments of our community, the middle- and low-income groups, as well as those with higher incomes. America is a rapidly expanding Nation. In 1930 our population was 123 million. In 1950, the number of our people had increased to almost 152 million and according to the Census Bureau, in the year 1970—about 15 years hence—the population of the United States will approximate 204 million. If this estimate is correct, and I believe it is, the housing industry must undergo a much more rapid expansion in order to provide housing for all our fellow Americans.

Those who contemplate with satisfaction the current rate of home building of 1 million units per year we are not facing grim reality. Approximately 900,000 new households are established in

America every year. At the same time approximately 300,000 housing units are destroyed. The current rate of 1 million new housing units per year does not even take care of the current demand, let alone the enormous backlog of housing needs that have never been fulfilled. If millions of American families are to be given hope of living in surroundings other than overcrowded, deplorable neighborhoods in which they now find themselves, we must raise our sights to a new target nearer to a minimum annual requirement of 2 million new housing units.

To those who are aghast at the prospect of such a goal, let the words of the late Senator Robert F. Wagner, of New York, be remembered when he said in 1945:

Whenever a situation is acute, there are those who want to deal with the problem solely through emergency measures. Generally these are the same people who, before the situation becomes acute, say there is no need to do anything at all. They say that a long-term housing program is unnecessary when there is no housing emergency; and when there is a housing emergency they say that a long-term program is too late to be useful.

But no housing program will be adequate unless it offers an effective attack on the housing needs of families of all income levels, housing which has a sound basis in design, in livability and in sufficient size for adequate family life. The fact is that we do not now have such a program and I cannot escape the conclusion that this housing bill lacks the means to achieve this goal. It continues the program we have had in the past of offering incentives to build homes for those who can afford to buy good housing—the upper income third of our population, but in terms of volume and suitability for adequate family life, it offers little hope of providing decent homes for middle income and lower income groups.

While it is true that adequate housing is available in some sections of the country at monthly costs which some middle-income families can afford to pay, in most areas of the country houses have been priced right out of the middle-income market. In most urban communities, rental units in new buildings are priced above the means of most families. There has been little or no attention paid to the needs of families of low income. Those who most need relief are not granted relief.

In the United States today there are approximately 50 million housing units. Of these 10 million are considered to be substandard, and half of the 10 million are so far beyond rehabilitation that they must be destroyed as being unfit for human habitation. These are the buildings proposed to be torn down through the slum-clearance program. The President's Advisory Committee estimates that the cost of destroying each unit will be approximately \$3,750. If we calculated the cost conservatively at only \$3,000 a unit instead of \$3,750, we see suddenly the tremendous, almost fantastic task ahead of us, for the cost of the slum-clearance program on a purely arithmetical basis is \$15 billion.

This year the House and Senate have approved the budget recommendation of \$39 million for the slum-clearance program, a totally inadequate amount. If this is to be the basis for providing funds to clear slums, it will take 385 years to complete the job.

Equally inept is the provision for public housing. Public housing goes hand in hand with slum clearance. But in spite of its proposed devotion to the task of slum clearance, the administration has recommended 35,000 units a year for 4 years, which cannot possibly be considered even a minimum to take care of the needs of the people.

Facing us, too, is the solution of the problem of housing our minority families, many of whom can afford to pay for homes being built but because of their race are unable to find housing open to them at any price. The solution to their problem is in greatest measure the solution of the most complicating obstacle facing the housing industry today. A housing program which denies homes for Americans because of difference in race, creed, or place of origin is denying the promise of equal justice guaranteed by the Constitution of the United States.

(Mr. YATES asked and was given permission to revise and extend his remarks.)

FIGHT COMMUNISM BY FIGHTING THE CONDITIONS WHICH BREED COMMUNISM

Mr. LESINSKI. Mr. Speaker, I support the kind of housing legislation which can mean decent homes for all of the American people. For those who can afford to pay for good homes, I support provisions in the housing legislation which will improve somewhat financing arrangements, materials supply, and other mechanical details of getting good housing built for those who can afford to buy it.

For moderate-income groups, which need much more liberal financing arrangements, I support the principles which the Democratic Party wrote into the FHA law years ago, to provide long periods of amortization and reasonable interest rates.

For the lower-income groups, who must live in the worst kind of slums, I believe we must underwrite a part of the cost and provide decent shelter.

Pure and simple justice requires that we pass that kind of legislation. But for those who prefer to look at matters from a hardheaded, practical, and unsentimental viewpoint—if you can call justice sentimental—then I call attention, Mr. Speaker, to what our biggest problem is in the world today. It is communism—in its philosophy of government that merely spreads the poverty and misery and keeps everyone ground down and helpless.

Communism does not show this face to the world if it can help it. It brags and trumpets to the poor and ignorant and dispossessed of the world that it is their friend. Of course, it is not and we know it is not. But the fact that remains that communism has gained adherents in every part of the world where there is real misery and poverty and helplessness among the people. It has

made its gains, other than those it made by force and aggression, only in areas of backwardness and extreme poverty.

In America, we have confounded the Communist conspiracy these past 22 years by providing real opportunity for the people, by making tremendous strides in providing employment and prosperity, good housing, and all types of conveniences. But many Americans are still on the verge of destitution. We still have a challenge there. Right now, the challenge is made more intense by the recession which has caused what we hope and trust will be only a temporary setback, but it is hurting a lot of people who had been holding good jobs and making good incomes and living like all Americans should live.

As long as Americans have confidence in the effectiveness of our free-enterprise system and see opportunity for themselves and their children, and see humaneness in their Government, we do not have to fear that the people will ever fall for the false promises of communism. Of course, we have to watch out for the Communist agents planted in our midst. But they cannot make headway with people while we go forward economically in this country.

In the field of housing, however, we have some slums so deplorable that it is disgraceful in any American city. No one lives in them by choice. No one prefers filth and overcrowding as an environment in which to bring up children.

If there is any group in America which could conceivably be susceptible to the blandishments of communism, it would be people who through sickness or disability or disease or other factors have been forced to live in our worst slums with little or no hope of getting out of them.

The public-housing program has rescued thousands of families from this kind of environment. They have been taken from the most unspeakable kind of housing and helped to live decently as Americans should.

On the other hand, if we carry through here on the strategy of some of the Republican leaders of this Congress and torpedo public housing, we will be taking away a source of hope for desperate people.

I do not say they would then become easy prey for communism. Far from it. But I can see where Communist agitators and conspirators could mislead some of these poor people with false promises and attacks on the United States. When you live in a rat-infested firetrap, never knowing whether you will live until the baby will wake up full of rat bites or not wake up at all because of attacks from rats or disease-carrying vermin, it is hard to get enthusiastic about free enterprise. You are desperate.

Desperate people—hopeless and despairing—do not make the best citizens. Cannot we hold out some hope for them through a decent housing program?

Mr. ALLEN of Illinois. Mr. Speaker, I yield to the gentleman from Ohio [Mr. AYRES] for a unanimous-consent request.

(Mr. AYRES asked and was given permission to extend his remarks in the RECORD at this point.)

Mr. AYRES. Mr. Speaker, in the discussions of public housing over the past months, a significant fact has been overlooked. I refer to the new policies established and vigorously pursued by Charles E. Slusser, Commissioner of Public Housing.

Mr. Slusser is a practical-minded disciple of the late Senator Robert Taft who urged him to take over the public housing job. With a solid background of real estate experience and 10 years as mayor of Akron, Ohio, Mr. Slusser took a hard-eyed look at the Public Housing Administration and commenced putting it on a business basis.

Less than a year ago, Mr. Slusser commenced revitalizing an over-stuffed agency that had been sleeping in the memory of more festive days. One of his first acts was to trim off the fat—and a reduction in force of some 400 people. The remaining staff was reorganized and given a clear-cut job to do. At the same time, the new Housing Commissioner undertook to give himself a grass-roots education in the field problems of the agency. In the first 5 months, the traveled 40,000 miles making personal inspection of slums and trouble spots. At the same time, he set in motion policies designed to improve PHA financial credit to the point where the agency could profit from the greater confidence of the investing public.

The investment market, which had been reluctant to accord low-rent housing bonds and notes the confidence they deserved, began to open its eyes. The Attorney General assisted with a clear affirmation of the soundness of these federally guaranteed securities, and interest charges commenced to fall, shoved along by easier money conditions. When Mr. Slusser took over the PHA job, short-term housing notes were costing 1.9 percent per year. This week, the cost was hardly a third—only .66 percent. The same confidence was reflected in the interest savings on long-term bonds. A year ago 30-year bonds required a rate of 2.8 percent; today, even tighter 40-year money is being obtained for only 2.3 percent.

Private investment money gave such strong support to the refinancing of housing bonds in the past year that total PHA borrowings from the Federal Treasury were reduced from \$655 million to \$200 million—a reduction of \$455 million which could be applied on the national debt.

At the same time he was putting PHA's financial house in order, Mr. Slusser decided there had been too little effective action in disposing of wartime housing. Maintenance costs were getting out of hand, and Congress wanted action. Mr. Slusser got it. In the past year, 60,000 units of this housing have been released from Government responsibility, as compared to 40,000 in the most successful previous year. And of these, 10,000 were sold as permanent housing to private investors and homeowners, thus transforming a Government liability into a benefit for private enterprise.

Meanwhile, one of the Agency's main functions, the placing of contracts for the 20,000 low-rent public housing units

authorized for fiscal 1954, has proceeded on schedule. This target has been hit squarely, completely, and on time.

To all of this must be added Mr. Slusser's dynamic support of the administration's request for 140,000 units of low-rent public housing during the next 4 years. In a series of speeches across the country, he made a persuasive plea for public housing as a vital measure in the slum-clearance program. Moreover, he fought for a logical, middle course that gives full recognition to the part private enterprise should play in the rehabilitation of our cities. A firm believer in private enterprise, Mr. Slusser urged public housing only to the extent that private builders are unable to do the job.

To me, the transformation of the PHA into a streamlined, hard-hitting organization is a tribute to the energy, the integrity, and the businesslike approach of Commissioner Slusser and his staff. He has maintained that until private enterprise is able to provide homes that the poorest of our slum dwellers can afford, public housing offers the single best weapon against slums. I would like to add that Mr. Slusser is handling this weapon with gratifying competence.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the remainder of our time to the gentleman from Pennsylvania [Mr. SCOTT].

Mr. SCOTT. Mr. Speaker, I am going to address myself to the procedural situation here. So far as the merits are concerned, it seems to me that we are all agreed that the real disagreement here is not on the rule itself but on the question of a motion to instruct. We have to have a rule if we are going to get conferees.

If I were to speak on the merits, if I had the time to answer the distinguished gentleman from Texas [Mr. DIES], whose voice has resounded through the Chamber, and who is an expert, as I am sure we will all agree, on chamber music, I would point out that perhaps his definition of socialism is "any form of Federal appropriation that does not go into his own district." But addressing myself, as I must, only to procedure, I would like to say that I have talked to members of the Committee on Banking and Currency who usually serve on the conference committee, and these members state that they have never heard of such a motion to instruct as is proposed here. It is unprecedented. Such a motion is a gag on our own conferees whom we ought to be prepared to trust. It ought to be noted that those who will serve as conferees have not asked for instructions. There are 154 points of disagreement in this bill.

As I said earlier, if and when a conference report comes back, if it is in disagreement, a preferential motion can be made to recede and concur in the Senate amendment with an amendment. Then you will have your opportunity to vote on any issue in the bill with which you are in disagreement, including, if you wish, the issue of public housing.

If this precedent of instructing our conferees to the effect that they may not even discuss many areas of disagreement shall be set this day by this House, then remember that the other body may at

any time do the same thing. Such an action would operate certainly to pervert the rules of this House and could lead only to a deadlock on bill after bill. The rules of this House are intended to permit us to legislate in an orderly way. But the intention is to legislate and the intention is to get a program through. If we are to legislate, then we ought not to be standing here thinking up ways to gag Members of the House and to deadlock the operations of both Houses in order to make sure, as I am sure some of the gentlemen on the other side of the aisle would perhaps like to do, to make sure that various parts of the President's program are not enacted so that they would then be in a position to say to us, "We helped you in every way we could, but in spite of our magnificent and magnanimous help, you are not able to get your program through." Do not be deceived by that.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. SCOTT. I yield.

Mr. JAVITS. I just want to ask the gentleman whether he agrees with me that there is no single piece of legislation of greater interest in the big cities than this particular part of the President's program for a very minimum amount of public housing. We hear the gentlemen from the farm areas and drought-relief areas think nothing of requesting hundreds of millions for programs having exactly the same justification in Government policy as public housing. The people of the big cities know, regardless of party, that a Federal quotient of public housing is absolutely indispensable to any slum clearance or urban redevelopment or to any balanced housing program in any big city.

Mr. SCOTT. I would say to the gentleman I know of no item of legislation which is of more interest to the cities of this country, cities of medium size as well as large, than this program. I know this is a part of the President's program which the President has asked the legislature in his state of the Union message to perform in keeping with our promise to the people. Here is our opportunity to perform and if we rely on some technicality to avoid it, then the responsibility is on those who vote that way. As for me, I support this rule and will oppose any motion to instruct, or gag our conferees.

(Mr. WICKERSHAM asked and was given permission to extend his remarks on the rule for the housing bill at that point in the RECORD before the vote on the rule.)

Mr. WICKERSHAM. Mr. Speaker, under permission to extend my remarks during the discussion on housing, I include a letter from an Oklahoma builder which represents the thinking of our Oklahoma builders, also the veterans, homeseekers, building and loans, and finance institutions, also an analysis of the legislation:

Representative VICTOR WICKERSHAM,
House Office Building,
Washington, D. C.

DEAR VIC: I am advised by the Washington office of the National Association of Home Builders that the 1954 housing bill has been reported out of the Senate and is at great variance with the House bill in some of its

provisions of which I outline below and ask your aid in endeavoring to prevail upon the conferees to adjust before final passage of this bill.

SECTION 8, TITLE I

The Senate bill provides for an increase in the mortgage amount from \$5,700 to \$6,650 and further provides for second trusts to aid in downpayments. This is an excellent provision providing the language is such that the local FHA offices can not interpret its meaning to require them to establish minimum construction and property requirements on the same basis as title II. It is my opinion that unless the law specifically states this fact the local FHA offices, at least in a great number of cases, will require the same standards as under title II and thus render this phase of the program inoperative. I believe that under this section land improvement should be complete with all-weather streets, sewer, and water facilities when subdivisions are designed with lots for less than 20,000 square feet of total area. When the lots are larger and constitute tracts of a more isolated character, then the standards for land improvement could be reasonably considered less. In all cases the standard for construction should provide for structurally sound housing but not require excessive design requirements such as too many different basic floor plans, excessive storage, and to coin a phrase of one of my very good friends, "unnecessary apple crapple." It is my carefully considered opinion that if this line of thought is followed in the final passage of this bill the Nation's home builders will be able to provide housing for a very large segment of our population that hasn't heretofore been given proper consideration. There certainly can be no question but what the young family beginning its formation on a relatively low income is entitled to good, clean, decent housing as much so as those who can qualify for the middle and upper bracket homes.

SECTION 203, 1- TO 4-FAMILY HOUSING

The House passed this section providing for loan value ratio of 95 percent of the first \$10,000 plus 75 percent of the excess. The Senate version provides for 95 percent ratio of loan of the first \$8,000 plus 75 percent of the excess. I personally believe that the House version should prevail and am frank to say that the Senate version will be of very little help to the great mass of our people in Oklahoma. We find most of our buyers in the \$12,000 price range well qualified to make monthly payments on their houses but they are, because of the inflated dollar, without the necessary down payment required under the Senate version which would be on a \$12,000 house, including loan expense, approximately \$1,700. Today's \$12,000 house was roughly a \$6,000 house in 1940 and the required down payment then was \$600 or 10 percent. My belief is, the family who

buys the \$12,000 house today is economically the same family that bought the \$6,000 house in 1940, therefore, I see no reason why his down payment should be greater today than it was in 1940. It is true he handles more dollars of income but his opportunity for accumulating for down payment is probably less than it was in 1940 because the chances are, and this is well supported by national statistics, that he has at least one more child than he did in 1940.

MANDATORY WARRANTY

I personally am very much opposed to a mandatory warranty but there seems to be little chance that we can escape it now in as much as it has been adopted by both the House and the Senate. I call your attention to the Senate language which states that the house will be built in conformity to plans and specifications, while the House version used this language, "The house will be built in substantial conformity." By the Senate omitting the word substantial there is created an impossible situation because this language permits no margin whatever for error on the part of the architect, builder, or land developer and I assure you that any product consisting of as many components as does a house there must be some margin for error. It is entirely conceivable that the architect may make an error in drawing which is not caught by the FHA examiner and is not known until discovered by the builder who may have to make a substantial change in the plan to acquire satisfactory structural soundness. Also there are many substantial deviations from an ordinary set of plans that tend to improve the structural soundness of a building. Then there is a new requirement by the FHA that the developer submit a predevelopment plan of land which indicates the finish grade. It is a matter of impossibility to take a raw piece of land, produce a lot plan of the finish grade and then finally grade the lot to that exact plan without involving a cost that would make land development prohibitive, therefore, I urge you to use all of the energy and ingenuity at your command to have the mandatory warranty section of this bill include the words, "In substantial conformity." My personal objection to the mandatory warranty is based upon the fact that the great majority of the home builders of this Nation and certainly those as members of the National Association of Home Builders, now carry their warranty well beyond 1 year. I know in my own case and in the case of many of my builder friends we make corrections where there is no possible chance that the defect was our fault as much as 2, 3, and sometimes 4 years after the house was constructed and oftentimes for the second, third, and fourth owner. My opinion is, and I feel, that if I am required to give a 1-year warranty then when the 1 year has passed I will be inclined to say to the buyer "check your warranty" and if it has expired

I will feel no obligation to make any correction. There is absolutely no need for such a warranty because at present both the FHA and the VA have the authority to deny any builder further commitments or certificates of value when that builder refuses to make corrections for which he is responsible. To me, this is a much greater policing power than a 1-year warranty imposed whereby after its expiration neither the FHA nor VA can criticize my refusal to correct some error in construction.

DISCLOSURE PROVISIONS (AMENDMENTS OF SENATOR BYRD)

Let me urge you to use your good office and influence to have removed from this housing bill the disclosure provisions, particularly as they relate to section 203 and for sale housing. If this amendment is adopted for section 203 and VA housing at will make almost impossible operation by our smaller builders, who by the way built approximately 80 percent of all the nation's housing, to carry on their programs because they do not have available to them minute detail cost analysis of each house and to impose such accounting practices upon them is to increase their overhead to such an extent that they will be thrown into a state of economic disaster. I cannot believe that Senator Byrd was fully and properly advised concerning this amendment and I believe after he is properly advised he would gladly withdraw or at least modify this amendment and thus avoid an almost unbearable situation for the smaller builders.

There are many other points in this legislation which I would like to discuss with you but this would consume too much of your valuable time, therefore, I am limiting my discussion to those items which most affect us here in Oklahoma. I believe our representatives of the National Association of Home Builders are most sincere in their approach to this whole housing program and would under no circumstances urge Members of the House or Senate to enact legislation that in their opinion was not good for the Nation as a whole as well as we the individual builder members. I know all of these gentlemen personally, many of them are my closest personal friends, and I know there have been times when I, as an individual, have advocated things that I knew were good for me, but in the opinion of these gentlemen they would not serve the best purpose of the Nation's housing program and were, therefore, denied, consequently I would greatly appreciate your most careful consideration of any suggestion that these representatives may make to you. I know they will be in the best interest of the buying public and Nation as a whole and they will under no circumstances knowingly advise you wrong.

With kindest personal regards, I am
Yours very truly,

Tom.

Analysis of Housing Act of 1954 (H. R. 7839)

House bill passed Apr. 2	Senate bill passed June 3	NAHB position
1. TITLE I, REPAIR LOAN INSURANCE		
Increased amount from \$2,500 to \$3,000 and extended term from 3 to 5 years.	Eliminated increases in amounts and terms and imposed several limitations on use of program. ¹	Approved House provisions.
2. SEC. 8, TITLE I PROGRAM		
Eliminated sec. 8; House report instructed FHA to continue program. Continued 100-percent disaster loans.	Wrote sec. 8 language into title II. Raised mortgage amounts from \$5,700 to \$6,650, and from \$5,100 to \$5,950. Also provided for 2d trusts to aid downpayments. Authorized insurance of farm homes on 5 or more acres adjacent to public highway up to total of \$100,000,000.	Approved Senate language.
3. SEC. 203, 1- TO 4-FAMILY SALE HOUSING		
Over Administration objections, raised loan-value ratio to 95 percent of \$10,000 (instead of \$8,000) plus 75 percent of excess, with discretionary power to place in effect.	Passed 95 percent of \$8,000, plus 75 percent of excess to go into effect at once.	Approved 95 percent of \$10,000 to go into effect at once.
Approved uniform 30-year term, with discretionary power to place in effect.	Adopted uniform 30-year term to go into effect at once, except that for each of the first 10 years following completion the term will decrease by 1 year.	Approved 30-year term to go into effect at once.

¹ See Legislative Flash of May 28 and Washington letters No. 487 (May 27) and No. 484 (Apr. 6) for further details.

Analysis of Housing Act of 1954 (H. R. 7839)—Continued

House bill passed Apr. 2	Senate bill passed June 3	NAHB position
3. SEC. 203, 1- TO 4-FAMILY SALE HOUSING—Continued		
Raised mortgage amounts from \$16,000 to \$20,000 for 1 to 2 families, from \$20,500 to \$27,500 for 3 family and from \$25,000 to \$35,000 for 4-family houses, with discretionary power to place in effect. Permits temporary rental for school use. Successfully defeated amendment to put in antimortgaging out clause. Made same loan-value ratio for new housing also applicable to existing housing, with discretionary power to place in effect.	Cut House provisions to \$18,000 for 1 to 2 families, \$24,000 for 3 families, and \$30,000 for 4 families, to go into effect at once.	Approved House provisions to go into effect at once.
	Approved. No cost-certification provision for sec. 203.	Approved. Do.
	Eliminated equal treatment of existing housing. Continued 80 percent of appraised value.	Approved House action, to go into effect at once.
4. MANDATORY WARRANTY		
Passed a 1-year warranty for 1- to 2-family FHA-VA houses that they are built in "substantial conformity" with plans and specifications and approved amendments. Applicable to housing insured or guaranteed on and after July 1.	Changed warranty to a 1-year certification on 1- to 4-family houses that they are built in "conformity" to plans and specifications. Word "substantial" eliminated.	Opposed. If warranty is imposed the modifying word "substantial" should be included.
5. FHA APPRAISALS		
None.	For 1- to 2-family houses, seller or builder is required to deliver prior to sale to buyer a written statement of the amount of the FHA appraisal.	None.
6. OPEN-END MORTGAGES		
FHA can insure advances under "open end" clauses in mortgages on 1- to 4-family houses.	Adopted House provisions and added a limitation that such advances be used only for home repairs and that the advance plus the unpaid principal cannot exceed the original obligation.	Approved.
7. TITLE II, MORTGAGE INSURANCE FOR SERVICEMEN		
None.	Adopted special provisions (sec. 222) giving 95 percent loan insurance to servicemen on active duty, up to a \$14,250 mortgage (\$15,000 sale price), on any housing eligible for insurance under sec. 203. Defense Department pays insurance premium.	None.
8. TITLE II, RENTAL HOUSING		
Approved raise in sec. 207 maximum mortgage amounts for elevator-type structures to \$2,400 per room or \$7,500 per family unit (if the number of rooms in the project is less than 4 per family unit). Dropped \$10,000 per family unit limitation.	Adopted House version to be placed in effect at once but made it subject to builders' cost certification provision.	Approved House increases and urged \$7,500 and \$7,800 family unit maxima to be placed into effect at once. We have warned that Senate cost certification clause will seriously discourage rental housing.
Otherwise continued section as passed last year (\$2,000 per room or \$7,200 per family unit and 90 percent of estimated value where bedrooms equal 2 per family unit). Raises to be placed in effect at discretion of President. Defeated attempt to insert antimortgaging out provision.	Adopted House raises in mortgage amounts and added provision for an additional \$1,000 per room for any elevator-type projects in federally approved redevelopment or urban renewal, high-cost areas. Made management-type projects subject to builders' cost certification.	Approved, but change to "value" and cost certification will seriously impair program.
Approved raise in sec. 213 maximum mortgage amounts from \$1,800 to \$2,250 per room with \$8,100 per family unit maximum to apply only where there are less than 4 rooms per family unit in the project or property. Raises to go into effect at President's discretion. No certification clause.	Changed 65 percent veteran formula to 50 percent.	
Also approved 65-percent formula for veteran occupancy increases and raised these amounts from \$1,900 per room to \$2,375 but continued the \$8,550 maximum per family unit of less than 4 rooms.	Accepted "estimated value" in place of "replacement cost."	
For elevator-type structures the above maxima were raised from \$2,250 to \$2,700, from \$8,100 to \$8,400, from \$2,375 to \$2,875, and from \$8,550 to \$8,900.	Inserted provision to continue authority for a special FHA Assistant Commissioner for 213 housing.	
The 90-percent and 95-percent (for veteran projects) loan-value ratios were continued but "replacement cost" was eliminated and "estimated value" substituted.	Raised limit from \$25,000,000 to \$50,000,000 for publicly regulated nonprofit management-type projects.	
Eliminated requirement for special FHA Assistant Commissioner.		
Raised limit to \$25,000 for mortgages on projects managed by publicly supervised mortgagors or political subdivisions of States or their agencies.		
9. TITLE II, REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE		
Passed sec. 220 providing special mortgage insurance for construction and rehabilitation of dwellings in federally approved redevelopment or urban renewal areas. Terms, mortgage amounts and loan-value ratios as passed for secs. 203 and 213 above were approved for this use plus a maximum mortgage of \$35,000 plus \$7,000 per additional family unit for dwellings for more than 4 families but less than for multifamily project. No cost certification.	Cut sec. 203 terms as above described and limited special maximum mortgage provision to \$30,000 plus \$6,000 for each additional family unit. Added provision for extra \$1,000 per room for elevator-type structures in high cost areas. Inserted a requirement that the required redevelopment or urban renewal plan be approved by the governing body of the locality. Made rental projects subject to builder's cost certification.	Approved House version.
Passed sec. 221 providing low-cost housing for families displaced by redevelopment or urban renewal programs. Maximum mortgage amount for 1-family houses set at \$7,600 (\$8,600 for high-cost areas) and 100-percent loan-value ratio for 40-year term. Required \$200 downpayment including closing costs. Provided 100-percent mortgages for publically supervised nonprofit organizations. No cost certification.	Cut sec. 221 100-percent loan-value ratio to 95 percent and term from 40 to 30 years. For existing housing loan-value ratio cut to 90 percent. Require 5- or 10-percent downpayment. Cut nonprofit organizations loan-value ratio to 95 percent. Made all sec. 221 subject to builder's cost certification.	House version partially approved. Section should be available generally for HHFA programing. Could then be used for minority housing.
10. MISCELLANEOUS FHA PROVISIONS		
None.	Adopted provision permitting FHA to refund debentures at maturity if available funds are insufficient to pay them. Refunded debentures would bear same interest and have to be paid by FHA or Treasury 10 years after issuance.	None.
Do.	Adopted provision for FHA debentures (except sec. 221) to bear interest at rate in effect when mortgage is issued. This rate would be set by FHA with approval of Treasury based on average yields during the preceding month of all United States obligations having 15 or more years maturity.	Do.
Terminated title VI, VII, and IX; continued title VIII 1 year.	Continued title VII, and gave the President power to designate periods of time or projects for which title IX insurance or community facilities aid can be used (the effect being to continue title IX on a standby basis). Authority was given to complete community facilities for which prior commitments were made and funds are available on June 30, 1954.	Approved.
	Rental requirement under sec. 903 was extended from 2 to 4 years for mortgages insured after passage of this act. Secs. 803, 903, and 908 were made subject to builders' cost certification (above).	

Analysis of Housing Act of 1954 (H. R. 7839)—Continued

House bill passed Apr. 2

Senate bill passed June 3

NAHB position

10. MISCELLANEOUS FHA PROVISIONS—Continued

None.....

Adopted amendment to Federal Criminal Code making it an offense to misuse the FHA in advertising. See also Byrd amendment, par. 21 below.

None.

Do.....

Authorized FHA to refuse use of FHA to any person or firm (1) that willfully violated any part of this act or the GI bill or any FHA or VA regulation, (2) that violated any Federal or State penal code by work or contracts under FHA or VA, or (3) that "failed materially, whether intentionally or through inability, to properly carry out contractual obligations" in FHA or VA work. Notice and appeal to the FHA Commissioner are granted. (This is somewhat similar to provisions passed for VA in 1952 in the Korean GI bill.)

None. But we oppose language of proviso (3) as permitting possibility of indiscriminate "blacklisting" for very trivial matters.

Do.....

Adopted extensive provisions to prevent any FHA rental housing from being used for a hotel or transient tenants.

None.

Do.....

Directed Bureau of Budget to report by Feb. 1, 1955, on the feasibility of consolidating the VA and FHA housing programs.

NAHB favors elimination of the differences in FHA and VA requirements but does not urge merger.

11. FEDERAL NATIONAL MORTGAGE ASSOCIATION

Passed extensive rechartered FNMA providing for (1) new secondary market operation, (2) special assistance functions, and (3) liquidation of present portfolio.

None. Extended advance commitments authority for title VIII and for Guam (\$15,000,000).

Approved House action with certain important amendments.

12. SLUM CLEARANCE AND URBAN RENEWAL

Passed extensive provisions for an urban renewal fund and for loans and grants to communities, all keyed to "workable programs" of local rehabilitation, slum clearance and redevelopment.

Approved House version but tightened definitions and requirements. Placed direction of program in HHFA, made sure local approval is given by resolution or ordinance, but permitted HHFA rather than local body to designate "urban renewal areas."

Approved.

13. PUBLIC HOUSING

None.....
Approved certain limitations and amendments to PHA operations and procedures, including a broad antisubversive certification for all federally aided housing.Approved 35,000 units for 4 years (140,000).
Adopted House provisions but eliminated antisubversive amendment and substituted one requiring public housing tenants to be citizens or have applied for citizenship.Approve House action (no public housing).
Opposed antisubversive section passed by House.

14. HOME LOAN BANK BOARD

House passed several provisions of technical nature dealing with Board and savings and loan institutions, including an increase from \$1,500 to \$3,000 in their authority to make unsecured loans.

Approved House provisions.....

None.

15. VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

House passed broad program of voluntary national and regional committees to channel mortgage funds to remote areas and small communities.

Approve House amendment but inserted requirement that this be done only "with sound underwriting principles."

Approved idea but not as substitute for FNMA.

16. URBAN PLANNING AND RESERVE OF PUBLIC WORKS

Provided \$5,000,000 for planning grants to States and a program of reserve public works.

Approved.....

Approved.

17. SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

None.....

Provides \$5,000,000 for technical research by Department of Health, Education, and Welfare and provides \$50,000,000 for investments, loans, and purchases by HHFA to aid firms in obtaining machinery for smoke elimination, etc.

Approved objective of program.

18. VA LOAN PROVISIONS

Passed a separate bill extending present VA direct loan program for 1 year (\$100,000,000).

Extended program for 1 year at double present amount (\$200,000,000). Also passed section to permit full VA guaranty to apply to repair loans to protect or improve property.

Approved full use of VA guaranty for repair or alteration loans. Oppose direct lending.

19. PUBLIC AGENCY LOAN AUTHORITY

None.....

Authorized HHFA to buy securities and make loans to State and local agencies for public projects, originally passed (but never used) in RFC Liquidation Act. Raised amount from \$25,000,000 to \$50,000,000 and extended power to June 30, 1957.

Approve any sound legislation that will help with problem of lack of community facilities.

20. MISCELLANEOUS PROVISIONS

Passed sections continuing direct farm loan program with additional authorization of \$112,000,000, and providing for a consolidated annual report of all housing agency operations under HHFA (instead of present individual reports from each agency).

Passed additional sections relating to disposition of war, Lanham Act, and temporary defense housing, appointment of advisory committees for all housing agencies, revision of criminal false claims and informer statute, and repeal of sec. 504 of the Housing Act of 1950 (which caused so much difficulty last year by authorizing the VA to prohibit discounts). Approved House provisions but rejected consolidation of housing agency reports.

Approved.

21. DISCLOSURE PROVISIONS (AMENDMENTS OF SENATOR BYRD)

None.....

Passed sections requiring: (1) That FHA applications for insurance be accompanied by lender's certification that loan is sound; (2) that FHA or VA include actual cost as a factor in determining rental rates or sales price; (3) that every recipient of Federal housing aids keep such records as HHFA prescribes in shape for auditing and so as to fully disclose disposition of any loan, actual project costs, including subcontracts, full amount of loan and private capital used, and such other information as HHFA may require. Also, (4) that applicants for FHA insurance or PHA grants submit full specifications and itemization of costs for HHFA approval, modification or rejection; (5) that PHA and the Comptroller General shall have right to audit records of any public housing agency or its contractors or subcontractors; (6) that written approval of HHFA will be required before anyone can use FHA or VA inspection, appraisal, approval, insurance or guarantee in advertising; and (7) that HHFA shall make an annual report of the amount of loans, contributions, grants, and other assistance made or contracted for on all housing and slum clearance projects. This must include costs for each project completed and amounts of any supplemental insured loans together with original amounts.

Opposed.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

Mr. COLMER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 360, nays 19, not voting 55, as follows:

[Roll No. 87]

YEAS—360

Abbott	Davis, Tenn.	Hunter
Adair	Davis, Wis.	Hyde
Addonizio	Dawson, Ill.	Ikard
Allen, Calif.	Dawson, Utah	James
Allen, Ill.	Deane	Jarman
Andersen,	Delaney	Javits
H. Carl	Dempsey	Jenkins
Andresen,	Derounian	Johnson, Calif.
August H.	Devereux	Johnson, Wis.
Andrews	D'Ewart	Jonas, Ill.
Angell	Dies	Jonas, N. C.
Arends	Dollinger	Jones, Ala.
Aspinall	Donohue	Jones, Mo.
Auchincloss	Donovan	Karsten, Mo.
Ayres	Dorn, N. Y.	Kean
Bailey	Dowdy	Kearney
Baker	Edmondson	Kearns
Barrett	Elliott	Keating
Bates	Ellsworth	Kee
Battle	Engle	Kelley, Pa.
Beamer	Evins	Kelly, N. Y.
Becker	Fallon	Keogh
Belcher	Fenton	Kilburn
Bender	Fernandez	Kilday
Bennett, Fla.	Fine	King, Calif.
Bennett, Mich.	Fino	King, Pa.
Bentsen	Fisher	Kirwan
Berry	Fogarty	Klein
Betts	Forand	Kluczynski
Bishop	Ford	Laird
Blatnik	Forrester	Landrum
Boggs	Fountain	Lane
Boland	Frelinghuysen	Lanham
Bolton,	Friedel	Lantaff
Frances P.	Fulton	Latham
Bolton,	Gamble	LeCompte
Oliver P.	Garmatz	Lesinski
Bosch	Gary	Lipscomb
Bow	Gathings	Long
Bowler	Gavin	Lovre
Boykin	George	McCarthy
Bramblett	Golden	McConnell
Bray	Goodwin	McCormack
Brooks, Tex.	Gordon	McCulloch
Brown, Ga.	Graham	McDonough
Brown, Ohio	Granahan	McGregor
Brownson	Grant	McIntire
Broyhill	Green	McMillan
Buchanan	Gregory	McVey
Budge	Gross	Mack, Ill.
Burleson	Gubser	Mack, Wash.
Bush	Gwinn	Magnuson
Byrd	Hagen, Calif.	Mahon
Byrne, Pa.	Hagen, Minn.	Mallard
Byrnes, Wis.	Hale	Marshall
Campbell	Haley	Martin, Iowa
Canfield	Halleck	Matthews
Cannon	Hand	Meader
Carnahan	Harden	Merrill
Carrigg	Hardy	Morrow
Cederberg	Harris	Metcalfe
Celler	Harrison, Nebr.	Miller, Calif.
Chelf	Harrison, Va.	Miller, Kans.
Chenoweth	Harvey	Miller, Md.
Chiperfield	Hays, Ark.	Miller, Nebr.
Chudoff	Hays, Ohio	Miller, N. Y.
Church	Hébert	Mills
Clevenger	Heller	Mollohan
Cole, Mo.	Herlong	Morano
Cole, N. Y.	Hesselton	Morgan
Colmer	Hess	Moss
Condon	Hiestand	Moulder
Cooley	Hill	Multer
Coon	Hillelson	Mumma
Cooper	Hinshaw	Murray
Corbett	Hoeven	Natcher
Cotton	Hoffman, Ill.	Neal
Coudert	Hoffman, Mich.	Nelson
Cretella	Holmes	Nicholson
Crosser	Holt	Norrell
Crumpacker	Holtzman	O'Brien, Ill.
Cunningham	Hope	O'Brien, Mich.
Curtis, Mass.	Horan	O'Brien, N. Y.
Curtis, Mo.	Hosmer	O'Hara, Ill.
Dague	Howell	O'Hara, Minn.
Davis, Ga.	Hruska	O'Neill

Osmer
Ostertag
Passman
Patman
Patterson
Pelly
Pfost
Philbin
Phillips
Pilcher
Pillion
Poff
Polk
Powell
Preston
Price
Priest
Prouty
Rabaut
Radwan
Rains
Ray
Rayburn
Reams
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.
Rhodes, Pa.
Richards
Riehlman
Rivers
Roberts
Robson, Ky.
Rodino

Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rooney
Roosevelt
Sadlak
St. George
Saylor
Schenck
Scott
Scrivner
Scudder
Secrest
Seely-Brown
Selden
Shafer
Sheehan
Sheppard
Sieminski
Sikes
Simpson, Ill.
Simpson, Pa.
Small
Smith, Kans.
Smith, Miss.
Smith, Wis.
Spence
Springer
Staggers
Stauffer
Steed
Stringfellow
Sullivan
Taber
Talle
Thomas

Thompson, La.
Thompson, Mich.
Thompson, Tex.
Thornberry
Tollefson
Trimble
Tuck
Utt
Van Pelt
Van Zandt
Vinson
Vorys
Vursell
Wainwright
Wampler
Warburton
Watts
Wharton
Wheeler
Wickersham
Widnall
Wier
Wigglesworth
Williams, N. J.
Wilson, Calif.
Wilson, Ind.
Withrow
Wolcott
Wolverton
Yates
Yorty
Young
Younger
Zablocki

NAYS—19

Abernethy
Alexander
Ashmore
Barden
Bonner
Carlyle
Dorn, S. C.

Durham
Gentry
Jones, N. C.
Mason
Poage
Robeson, Va.
Rogers, Tex.

Shuford
Smith, Va.
Whitten
Williams, Miss.
Winstead

NOT VOTING—55

Albert
Bentley
Bolling
Bonin
Brooks, La.
Buckley
Burdick
Busbey
Camp
Chatham
Clardy
Curtis, Nebr.
Dingell
Dodd
Dolliver
Dondero
Doyle
Eberharter
Feighan

Frazier
Harrison, Wyo.
Hart
Hillings
Hollifield
Jackson
Jensen
Judd
Kersten, Wis.
Knox
Krueger
Lucas
Lyle
Machrowicz
Madden
Morrison
Norblad
Oakman
O'Konski

Patten
Perkins
Regan
Riley
Scherer
Shelley
Short
Sutton
Taylor
Teague
Velde
Walter
Weichel
Westland
Williams, N. Y.
Willis
Wilson, Tex.

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Dondero with Mr. Wilson of Texas.
Mr. Williams of New York with Mr. Willis.
Mr. Westland with Mr. Chatham.
Mr. Taylor with Mr. Machrowicz.
Mr. Busbey with Mr. Madden.
Mr. Short with Mr. Morrison.
Mr. Bentley with Mr. Camp.
Mr. Oakman with Mr. Buckley.
Mr. Scherer with Mr. Brooks of Louisiana.
Mr. Velde with Mr. Dingell.
Mr. Jackson with Mr. Patten.
Mr. Knox with Mr. Feighan.
Mr. Krueger with Mr. Frazier.
Mr. Clardy with Mr. Regan.
Mr. Bonin with Mr. Hollifield.
Mr. Weichel with Mr. Shelley.
Mr. O'Konski with Mr. Bolling.
Mr. Kersten of Wisconsin with Mr. Walter.
Mr. Judd with Mr. Riley.
Mr. Dolliver with Mr. Dodd.
Mr. Curtis of Nebraska with Mr. Doyle.
Mr. Jensen with Mr. Eberharter.
Mr. Hillings with Mr. Hart.
Mr. Harrison of Wyoming with Mr. Teague.
Mr. Burdick with Mr. Lucas.
Mr. Norblad with Mr. Albert.

Mr. FORRESTER and Mr. WHEELER changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The Chair recognizes the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I want to talk about the proposed motion to instruct the conferees a little bit. We have all had a good time here on this matter; we had a nice little debate, and I hope nobody is mad at anybody else. I am not mad at anybody. As a matter of fact, we had a lot of fun up in the Committee on Rules on this matter, and altogether it has been a most entertaining and most amusing situation both in the Committee on Rules and here.

Up in the Rules Committee we voted to put in a rule to instruct the conferees. We thought it was a good idea, because the House had already said four times that we did not want any public housing. We thought we would tell our conferees again that we still meant it.

Everybody got to talking about it and pretty soon I heard that we were going to reverse ourselves. Some of the boys changed their mind and they just thought it was not a good thing to do, it would violate some precedent, or something of that kind. Well, that was all right. They had the right to do it. I am not quarreling with anybody about it. So we did reverse ourselves and we took that out.

Now this morning we were going to instruct the conferees. It reminds me of an incident that occurred when I was very young in politics. I used to be a member of the Town Council of Alexandria. We have voted one way so many times on this that I was reminded of that incident when I was a member of the town council and we were having a very hot election for a city official. Both sides had put on all the pressure they could for their respective candidate and the night of the election came and the candidates were nominated and the roll was called. One old fellow, concerning whom I had had considerable doubt, when his name was called, voted for my candidate as he had promised. I thought that was fine. But it resulted in a tie vote. We called the roll again and when his name was reached the second time he voted for the other fellow. He was so happy with what he had done that he jumped up on the floor and said, "By George, you can't beat that. I promised them both and I voted for them both."

There has been a good deal of talk like that going on here about public housing but that is all right. I think before we leave this subject somebody ought to advise the House, because we do not get time to read all of that stuff that has been sent over here on housing, so that we may know exactly what is being done in the bill that is going to conference.

Last year, you will remember, this House voted overwhelmingly, and when I say overwhelmingly, it voted 245 to 157 to repeal public housing. The Senate had to agree to it, because we stood pat. Now it has been talked around here that

the President, in order to give a little relief to this public housing clamor wants 35,000 houses for this year and next year. And they say that that is what this bill does. That is not what this bill does.

If we agree to this bill, here is what it does. It repeals the repeal that the House voted for last year by 245 to 157 and restores the full public housing program in the old act. The only difference is that it restricts it to 35,000 houses for the next 3 years and after that the lid is off. That is what you are being asked to vote for. I want the House to understand that that is what is going to conference.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. TABER. And on top of that picture, the limit which was in the original housing bill of 1949 is out the window.

Mr. SMITH of Virginia. That is right.

Mr. TABER. So there is no limit at all.

Mr. SMITH of Virginia. There is no limit except the generosity of the House of Representatives and the Senate in disposing of the taxpayers' money, and that is rather unlimited at times, I find.

Let me say to the House that I think we ought to know the history of this, because I know that a lot of fellows on that side are not going to march up this hill four times and vote against public housing and then, because somebody says that a little lapse of virtue is all right, change their mind.

This is the situation. In 1949, when public housing first came up, it only just carried in the House. The gentleman on your side [Mr. REECE] made the motion to strike out public housing and he only lost by four votes. In 1951 the Gosset amendment to strike out public housing carried by 181 to 113. In 1952, on the Fisher amendment to reduce it to 5,000, it carried by 192 to 168. In 1953 public housing was repealed was defeated by 245 to 157. And in this good year of our Lord, just a month ago, this House voted it down by 211 to 176. The question that is going to be presented to the House when this bill comes back is—are you boys going to reverse yourselves? Were you voting on a matter of principle or were you voting on a matter of politics—and if the politics has changed a little bit, it is all right to change our votes a little bit. That is the question which is going to be before you.

Mr. SHEPPARD. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. SHEPPARD. I wonder if the gentleman has read the section of the bill, and the amendment emanating from the other body whereby they have repealed the Wherry Housing Act which is the only thing we have today to build housing for the military? Under their proposal, you could not get anybody in the construction field to possibly build anything.

Mr. SMITH of Virginia. It is a great big bill. You will find a lot of things in it, if you take the time to look. You will also find in it that the other body has

assumed the prerogative of appropriating \$50 million, upon which this House never even ought to consent to going to conference. I just want to say I think we all understand each other now since the illuminating speech made by the majority leader, the gentleman from Indiana. If I may have the attention of the gentleman from Indiana since the illuminating and, as usual, eloquent speech made by the gentleman from Indiana, the majority leader, I take it we now understand this: That in any event, come what may, if we do not have this motion today to instruct the conferees, that at a later time when this bill comes back from conference the parliamentary situation will be such that we can get a motion to instruct the conferees or to reject the conference report, which will give us a direct vote on the question of public housing.

Mr. HALLECK. May I say to the gentleman from Virginia that I stand on what I said, that I shall not be a party to any sharp practice to deprive those who want to raise that issue. I explained the parliamentary situation, and I have checked with the parliamentarian. I am thoroughly and completely convinced that the motion to recommit with instructions would be in order, and as far as I am concerned I shall undertake to protect them.

Mr. SMITH of Virginia. I think that clarifies the question. So that we will understand, and I do not care whether we vote on this issue today or next week, and in fact I would not care if we never voted on it because we are in very good shape now because we have killed public housing. The Republicans last year as soon as they came into power, and as soon as they had the power to do it on their first vote on public housing, they killed it as dead as a door nail, and I am proud of them and I congratulate them on having done so. We are going to appeal to you that when this thing comes back here to be just as good patriots in 1954 in an election year as you were in 1953 when you were just in the flush of victory. With that understanding now, and I think we all understand each other, I think we can now rest on the assurance that we will have the opportunity to vote on the clean-cut issue of whether to revive and restore public housing, or to let the old corpse remain dead, and I very much hope we will.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. COLMER. If I understand the distinguished gentleman from Virginia, there will be no motion offered to instruct the conferees, but rather we accept the proposition so graciously extended to us and so graciously accepted by the majority leader, with this one thing in mind, that when the matter comes back, if the House conferees agree to public housing in any form or fashion or number, that we will have an opportunity to vote on it without any strings or reservations or questions of parliamentary procedure involved, and that is why the motion to instruct is not being made, is that correct?

Mr. SMITH of Virginia. I think the gentleman from Indiana will verify that as being correct.

Mr. HALLECK. Yes, but may I say I do not know just what the gentleman means by strings and so forth. I said I would not engage in any sharp practice. So far as I know the Speaker would recognize someone to make a motion to recommit with instructions who wanted to present this issue. I understand what it is about, and I am sure that everyone does. So far as I am concerned, I am perfectly willing to meet the issue at that time.

Mr. COLMER. Of course, what I had in mind, and may I say I accept what the gentleman has said, and I think I know what he means. But, what I had in mind was—one, that there would be no ground on the part of anyone who had voted against public housing before or who had voted in favor of it, to have any parliamentary situation involved other than voting his own conviction. No. 2 was that the parliamentary situation would be such on that occasion that we could have that opportunity because, as the gentleman knows, ordinarily there is only one motion to recommit and we could be "parliamentaried," if I may use that term, out of position.

Mr. HALLECK. Certainly no one is going to indulge in any such practice as that.

We talked about being ingenious a little while ago. The gentleman is quite ingenious himself, and I am quite sure he and the gentleman from Virginia [Mr. SMITH], and others can devise a motion to recommit which will present their viewpoint.

I am confident the gentlemen do not want to foreclose any argument I might make in respect to it. After you devise the motion to recommit you will not argue and attempt to persuade people perhaps that they are to vote against the motion to recommit. I would not want it to be understood you took that position.

Mr. SMITH of Virginia. Mr. Speaker, let me make it perfectly clear—and I think that the gentleman from Indiana and I understand each other—that we appreciate the cooperation of the gentleman from Indiana to see that we get a yea-and-nay vote, a clean-cut issue. How anybody votes is his business, and how the gentleman from Indiana votes is his business.

We do not deny that we have a little ingenuity on our side, as the gentleman from Indiana has indicated, but in the Rules Committee we had a little display of ingenuity the other day, and the gentleman from Indiana demonstrated that he possessed more ingenuity than we, and we just want to be sure that he is on our side so he can give us the benefit of his superior ingenuity.

Mr. HALLECK. You kind of got in my corner today, and I will get in your corner to see that you get the vote you want.

Mr. SMITH of Virginia. I thank the gentleman.

Mr. Speaker, I said I would make the motion to appoint conferees, but in view

of the circumstances I will not make that motion.

The SPEAKER. The Chair appoints the following conferees: Messrs. WOLCOTT, GAMBLE, TALLE, KILBURN, SPENCE, BROWN of Georgia, and PATMAN.

ADDITIONAL COPIES OF REPORT

Mr. REED of New York. Mr. Speaker, I offer a privileged resolution (H. Res. 589) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, that there be printed 700 additional copies of House Report No. 1698, current Congress, entitled "Social Security amendments of 1954"; of which 500 copies shall be for the House document room and 200 copies for the use of the Committee on Ways and Means.

The resolution was agreed to, and a motion to reconsider was laid on the table.

PERMISSION TO SIT DURING SESSION OF HOUSE

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may meet at 2:30 o'clock this afternoon during the session of the House.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight tomorrow to file reports on the bill H. R. 6658 and on the bill H. R. 713, and sundry other bills.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 586 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8753) to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to establish and operate motor vehicle pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct the Administrator to report the unauthorized use of Government motor vehicles, and to authorize the United States Civil Service Commission to regulate operators of Government-owned motor vehicles, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by

the chairman and ranking minority member of the Committee on Government Operations, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Illinois is recognized.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Mississippi [Mr. COLMER] and at this time I yield myself such time as I may consume.

Mr. Speaker, I rise to urge the adoption of House Resolution 586 which will make in order the consideration of the bill (H. R. 8753) to amend the Federal Property and Administrative Services Act of 1949, as amended.

House Resolution 586 provides for an open rule, waiving points of order with 1 hour of general debate on the bill itself.

Mr. Speaker, this bill has five principal objectives which I think merit the thoughtful consideration of the Congress. First this bill would authorize the Administrator of General Services, subject to regulations by the President, to establish and operate motor vehicle pools and pools of equipment for lease or rent to Federal agencies. The second objective outlined in the bill would be to authorize the Civil Service Commission to issue regulations to govern Federal agencies in authorizing personnel to operate Government-owned motor vehicles for official purposes.

H. R. 8753, if passed, Mr. Speaker, would also direct the Administrator of General Services to report the unauthorized use or the illegal conversion of Government motor vehicles to the head of the agency concerned for investigation, disciplinary action or referral to the Attorney General, as the case may demand.

This bill, Mr. Speaker, would also authorize the head of the executive agency concerned to permit members of the uniformed services to secure transportation—bus, taxicab—on official business and be reimbursed for such expenses and finally Mr. Speaker, this bill would provide that whenever an agency is moved from a GSA-controlled location to another such GSA-controlled location only such furniture and furnishings shall be moved as cannot more economically and efficiently be made available at the new location.

Mr. Speaker, while it is true that the various agencies of our Government that would be affected by this bill were not on the whole favorably disposed toward the provisions contained therein, nevertheless I think this piece of legislation is basically sound.

At the hearing conducted before the Rules Committee on this bill it was brought out that substantial savings running into the millions of dollars have been effected wherever and whenever these general ideas have been put into practice.

The General Services Administrator hopes to save about \$5 million annually

through the establishing of 100 inter-agency motor pools in the large metropolitan areas of the United States, and this saving in itself makes H. R. 8753 a desirable bill.

Mr. Speaker, since H. R. 8753 is aimed at creating greater economy and efficiency in the operations of the Government I hope that the rule will be adopted by the House and that the bill will pass.

Mr. COLMER. Mr. Speaker, I have no requests for time on this side.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. HOFFMAN of Michigan. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8753) to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to establish and operate motor vehicle pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct the Administrator to report the unauthorized use of Government motor vehicles, and to authorize the United States Civil Service Commission to regulate operators of Government-owned motor vehicles, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 8753, with Mr. GRAHAM in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HOFFMAN of Michigan. Mr. Chairman, I yield myself 1 minute.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

(Mr. HOFFMAN of Michigan addressed the Committee. His remarks will appear hereafter in the Appendix.)

Mr. JONAS of North Carolina. Mr. Chairman, as was stated by the chairman of the Committee on Government Operations, a bill similar in purpose to this one was introduced in the 82d Congress by the gentleman from Ohio [Mr. BROWN]. That bill passed the House but failed of enactment in the Senate and, therefore, did not become law.

I became interested in the possibility of saving large sums of money by operating motor-vehicle pools in my service on the Independent Offices Subcommittee of the Committee on Appropriations. That subcommittee, as you know, handles the appropriations for forty-some-odd independent offices and agencies of the Government. I was amazed to learn that the Government owns and operates 260,000 commercial-type motor vehicles, exclusive of combat and tactical vehicles of the Armed Forces. This is a large fleet of motor vehicles, and it seemed to me to offer opportunities for economy through cen-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of July 7, 1954
83rd-2nd, No. 125

CONTENTS

Appropriations.....18	Forestry.....1,7	REA.....23
Banking and currency....16	Housing.....4	Seeds.....1
Buildings.....3	Imports.....17	Soil conservation.....2,25
Dairy industry.....9	Insects and plant diseases.....19	Surplus property.....11
Drought relief.....10	Loans, farm.....1,4,10,15	Taxation.....5,21,22
Education.....8,13	Marketing.....20	Telephone, rural.....15
Electrification.....23	Personnel.....1,6,14,24	Travel.....6
Expenditures.....14	Potatoes.....9	Unemployment compensation.....1,24
Farm machinery.....22	Price supports.....9,12,21	
Farm program.....9,21		

HIGHLIGHTS: Senate committee announced decisions on farm program bill. House Rules Committee cleared bills to amend Farm Tenant Act, transfer CCC seeds to FS etc., and provide unemployment compensation for Federal employees. Watershed bill was sent to conference. House agreed to conference report on buildings lease-purchase bill. Rep. Hope introduced bill for cooperation with Mexico and Canada in control of insects and plant diseases. Rep. Harden urged expedited marketing of surpluses. Sen. Williams criticized USDA administration of drought relief. Rep. Whitten inserted his testimony on his personnel rider.

HOUSE

1. FARM LOANS; CCC SEEDS; UNEMPLOYMENT COMPENSATION. The Rules Committee reported resolutions for consideration of S. 1276, to amend the Bankhead-Jones Farm Tenant Act in several respects; S. 2987, to provide for transfer of certain surplus CCC seeds to the Forest Service and BLM; and H. R. 9709, to amend the unemployment compensation program, including a provision to extend it to Federal employees (p. 9475).
2. SOIL CONSERVATION. Reps. Hope, Andresen, Hill, Cooley, and Poage, and Sens. Aiken, Young, Thye, Hickenlooper, Ellender, Johnston, and Holland were appointed conferees on H. R. 6788, the watershed development bill (pp. 9441, 9398-9).
3. BUILDINGS. Agreed to the conference report on H. R. 6342, to authorize GSA to acquire real property and authorize lease-purchase agreements for construction of buildings thereon (pp. 9442-3). The Senate has not yet acted on the report.
4. HOUSING LOANS. Rep. Rains was appointed as a substitute for Rep. Patman as a conferee on H. R. 7839, the housing bill, which includes a provision continuing the rural housing program (p. 9441).
5. TAXATION. House conferees were appointed on H. R. 8300, the tax revision bill (p. 9473). Senate conferees have been appointed.

6. TRAVEL. The Government Operations Committee ordered reported (but did not actually report), amended, H. R. 179, to provide for payment of expenses of return transportation of Federal employees and authorized dependents, but not household effects, from posts of duty outside continental U. S. (p. D789).
7. FOREST FIRES. Both Houses received from the Navy Department a proposed bill to authorize reciprocal fire protection agreements between departments and agencies of the U. S. and public or private organizations engaged in fire-fighting activities; to Government Operations Committees (pp. 9486, 9389).
8. VOCATIONAL REHABILITATION. Began and concluded debate on H. R. 9640, to extend and improve services under the Vocational Rehabilitation Act, but deferred the vote on the bill until today (pp. 9443-73).

SENATE

9. FARM PROGRAM. The "Daily Digest" states: "Committee on Agriculture and Forestry ... continued its executive consideration of S. 3052, to encourage a stable, prosperous, and free agriculture, following which it announced that it had approved the provisions of section 320 (dairy price supports) of H. R. 9680, a related House bill, with the following amendments:
"By a vote of 8 to 7, agreed to (1) provide dairy price supports at 85 percent of parity for 1 year beginning September 1, 1954, (2) provide for use of certain criteria for determining the price support level on dairy products for 2 years beginning September 1, 1955, and (3) authorize use of direct payments to producers or processors as a method of price support for dairy products.
"Also, the committee, by a vote of 13 to 2, agreed to retain present prohibition against price supports for Irish potatoes unless marketing quotas are in effect." (p. D786)
10. DROUGHT RELIEF. Sen. Williams criticized assistance to the King ranch in connection with the drought relief program and stated "it is time for the Committee on Agriculture and Forestry to call for a reexamination of this program" and that the Secretary should furnish Congress a "list of all those millionaire ranchers to whom such relief has been extended" (p. 9431).
11. SURPLUS PROPERTY. Passed without amendment H. R. 9232, to extend until June 30, 1955, the authority of GSA to dispose of surplus property by negotiation, rather than by advertising, when advertising will not facilitate disposal and disposal by negotiation will further the public interest (p. 9438). This bill will now be sent to the President.
12. PRICE SUPPORTS. Sen. Humphrey inserted a local co-op association resolution favoring 90% supports on basics under the old formula (p. 9392).
13. VOCATIONAL REHABILITATION. Passed, 82-0, with amendments S. 2759, to extend and improve the Vocational Rehabilitation Act (pp. 9400-36).
14. PERSONNEL; EXPENDITURES. Sen. Byrd, as Chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, inserted a report on civilian employment in the executive branch for May 1954 (pp. 9392-6).
15. RURAL TELEPHONES. Sen. Langer inserted a resolution of N. Dak. Cow-Belles urging faster action on rural-telephone loans (p. 9389).
16. BANKING AND CURRENCY. S. 3589, to provide for independent management of the Export-Import Bank, was made the unfinished business (p. 9438).

S. J. Res. 147. Joint resolution to establish the Woodrow Wilson Centennial Celebration Commission, and for other purposes;

S. J. Res. 149. Joint resolution designating the month of September 1955 as John Marshall Bicentennial Month, and creating a Commission to supervise and direct the observance of such month;

S. J. Res. 169. Joint resolution authorizing the President of the United States of America to proclaim the first Sunday of each month for a period of 12 months for prayer for people enslaved behind the Iron Curtain;

S. J. Res. 170. Joint resolution to approve the conveyance by the Tennessee Valley Authority of certain public-use terminal properties now owned by the United States;

S. Con. Res. 85. Concurrent resolution to authorize the adoption and use of official seals by the Speaker of the House of Representatives and the President pro tempore of the Senate; and

S. Con. Res. 92. Concurrent resolution favoring the suspension of deportation in the case of certain aliens.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2728. An act to authorize the collection of indebtedness of military and civilian personnel resulting from erroneous payments, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 303) entitled "An act to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WATKINS, Mr. DWORSHAK, Mr. KUCHEL, Mr. ANDERSON, and Mr. LENNON to be the conferees on the part of the Senate.

The message also announced that the Senate had ordered that the Senator from Utah, Mr. WATKINS, be appointed a conferee on the bill H. R. 5731, an act to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes, in place of the Senator from Nebraska, Mr. Butler, deceased.

The message also announced that the Senate had ordered that the Senator from California, Mr. KUCHEL, be appointed a conferee on the bill S. 3378, an act to revise the Organic Act of the Virgin Islands of the United States, in place of the Senator from Nebraska, Mr. Butler, deceased.

SLIP LAW, INTERNAL REVENUE CODE OF 1954

Mr. REED of New York. Mr. Speaker, I offer a privileged resolution (H. Con. Res. 250) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring). That there be

printed 12,590 additional copies of the slip law for the Internal Revenue Code of 1954, of which 2,475 copies shall be for the use of the Senate, 500 copies for the use of the Committee on Finance, 6,615 copies for the use of the House of Representatives, and 3,000 copies for the use of the Committee on Ways and Means.

The concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

SOIL CONSERVATION

Mr. HOPE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table, the bill (H. R. 6788) to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. HOPE, AUGUST H. ANDRESEN, HILL, COOLEY, and POAGE.

CONFEREES ON HOUSING BILL, H. R. 7839

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent for the gentleman from Texas, Mr. PATMAN, to be excused from serving as a conferee on the bill, H. R. 7839, the so-called Housing Act of 1954.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The Chair appoints the gentleman from Alabama, Mr. RAINS, to serve on the conference committee on the bill, H. R. 7839, the so-called Housing Act of 1954, and the Senate will be notified accordingly.

CORRECTION OF THE RECORD

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent to correct the RECORD on page 9331 where I am quoted as describing certain vessels as "C-1-MAV." It should read "C-1-MAV-1."

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. MCCARTHY. Mr. Speaker, I ask unanimous consent to correct the permanent RECORD. On page 8970 of the RECORD for July 1, 1954, in the first paragraph of my remarks the following should be added after the words "to the facts in the agricultural situation":

The argument has been made here today that peanuts are not a basic commodity.

The SPEAKER. Without objection, the correction will be made.

There was no objection.

[Mr. WHITTEN addressed the House. His remarks appear in the Appendix of today's RECORD.]

AMERICAN DEFENSE PLANS

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, it is with pleasure that I call to the attention of the House one of the more significant advances in American defense plans of recent months. Our distinguished colleague, the Honorable WILLIAM L. LANTAFF, of Florida, has been advised by the Secretary of Defense of the approval of plans submitted by him for the creation of a civilian reserve corps of specialists and technicians. It is a plan to create a civil-service reserve for national mobilization.

Those who are familiar with the problems incident to recruiting competent civilian personnel to fill key specialists positions in the Pentagon during World War II will readily agree that there is a need for action along this line. Not only was it difficult to recruit competent civilians who were available for civilian service in the Defense Establishment, but those who were available for recruitment were often the subject of competition among various agencies in the Government for their services. In addition, after they were recruited for important positions their talents could not be used to advantage until after they had been properly indoctrinated and the necessary security clearances had been obtained.

Advance recruiting of personnel who would be needed in time of national emergency will begin immediately on a limited scale. If successful, the program may be extended to all agencies which might be forced to expand rapidly in the event of an attack with atomic or hydrogen bombs.

The reserve force would in general parallel the Reserve Corps of the armed services. Those selected for the posts would report for 2 weeks of training with pay each year. Congressman LANTAFF, a Reserve officer who witnessed the long struggle to get qualified civilians for such work in World War II days, has been preparing the plan for about 18 months and has had numerous conferences with defense, civil service, and White House officials.

Chief benefits of the plan are:

First. Qualified individuals could be carefully selected in advance for special jobs and indoctrinated in the requirements of their position.

Second. Positions would be authorized, the individuals designated and approval of the Civil Service Commission obtained before mobilization.

Third. Security investigations, necessary in these posts as in the military and often causing months of delay, could be completed before there was urgent necessity to fill the positions.

It is also significant that limited service personnel or personnel not physically qualified for service in the Armed Forces can be used in this program, thus freeing other personnel for military duty.

According to the Secretary of Defense the pilot plan which is being put into operation provides for the appointment of up to 12 highly qualified specialists

who will furnish their talents to Army G-2 not more than 2 weeks annually at the rate of one such specialist per month. Such specialists will be asked to commit themselves to the program and to serve in the event of mobilization although there will be no legal binding contract involved. These specialists will be appointed on a "when actually employed" basis and be reimbursed. The rates of pay will be determined on the basis of each specialist's qualifications and the position involved and in all probability will range within the existing grades GS-12 through 15. Appointments will be made to specific previously determined positions such as military intelligence research specialist and cartographic engineer for which the individual has exceptional qualifications. Current rosters of the selected individuals will be maintained and efforts will be made to keep in continual contact with these individuals. Care will be taken to insure that only personnel not eligible for military service during mobilization or personnel not presently employed in the Federal Government are appointed.

Congressman LANTAFF's plan provides an opportunity for a striking advance in manpower utilization.

PROTECT JOBS OF BADLY DISABLED VETERANS

(Mr. LANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANE. Mr. Speaker, under the Whitten amendment, disabled veterans, including amputees, are being separated from their Federal employment.

The preference to which they are entitled above all others has been reduced to zero minus.

The technical justification is that they have no status.

Even though the quality of their work is above reproach.

In spite of the fact that their trial or probational period has lasted for 3 or 4 years in some cases.

No status?

This Nation and its freedoms would cease to exist if we did not have some men and women ready to sacrifice life and limb in our defense.

Those disabled by national service have a right to expect that their Government will not forsake them. Basic to all legislation in the area of veterans' affairs is the implied obligation of the Government to compensate for the inability of some disabled veterans to get jobs in private industry.

I am sure that the Whitten amendment was never intended to take this earned preference away from them.

In the absence of specific language, minor officials have taken it upon themselves to misuse the Whitten amendment, interpreting it to suit their own convenience.

As an entering wedge to break up veterans' preference in Federal employment.

If this sly attack upon handicapped veterans is not defeated, a precedent will be established that will lead to further encroachments, eventually affecting all

honorably discharged members of our Armed Forces.

We want a clear and firm amendment to close up these loopholes interpretations that have been so damaging to men and women who have been disabled in the military service of our country.

Here is a copy of a letter received recently by the Disabled Americans Veterans that reveals the heartless policy in effect at some Government installations:

JUNE 24, 1954.

DEAR SIR: I am a disabled veteran of World War II. My left leg was amputated and my right leg was wounded also while overseas. My disability is 50 percent. I was employed at the Boston Navy Yard as a guard. I held this position for 4 years. I was employed at such time because this was a job set aside for disabled veterans. This job was suitable for a person in my condition. During my 4 years of employment my work was satisfactory. Now I have received my notice as they are laying off in the reductional force. It is extremely hard for me to find employment because of my condition. I am married with a family of two children to support. I can't help feeling bitter, as it is unjust to put an amputee out of employment. I did my duty toward my country, and I don't feel that my country owes me anything, as it was a duty any United States citizen would be glad to participate in. All I ask or want is employment which I need badly. I am writing to you for advice and help.

Thanking you,
Very Sincerely,

The above quote refers to but one combat veteran who has been the victim of an injustice committed by his own Government.

There are more than 80 other similar cases on file with the DAV, Department of Massachusetts.

How many more there are who nurse the unkindest cut of all in silence we do not know.

To tie up the loose ends of the Whitten amendment we recommend that the following provisions be added to it:

SEC. 1. The Civil Service Commission is authorized to confer a competitive classified civil-service status or a probational status upon any veteran serving under a temporary indefinite appointment who establishes the present existence of a service-connected disability of not less than 10 percent subject to the following conditions:

"If such veteran has completed a trial period of 1 year he may be given a competitive classified civil-service status: Upon certification to the Civil Service Commission by the head of the agency concerned that the veteran has completed a trial period of 1 year and that his services have been satisfactory. If, under the same circumstances, he is not recommended, he shall have the right of appeal to the United States Civil Service Commission.

If such veteran has not completed a trial period of 1 year he may be given a probational status upon certification to the Civil Service Commission by the head of the agency concerned that the employee was given a temporary-indefinite appointment.

Briefly, and reduced to plain English, the proposed amendment would protect the job rights of disabled veterans.

They would not be at the mercy of unpredictable interpretations.

Amputees would not be shoved out of their jobs to make way for political fa-

vorites, long on influence, but short on military service.

We have made a contract with our veterans.

Where the terms are vague, we must make them bold and clear, so that no official of the Federal Government will ever be able to bluff a disabled veteran out of his job on the basis of personal opinion concerning the meaning of the law.

Veterans' preference laws must be fortified not undermined.

Our covenant with ex-servicemen and ex-servicewomen should be honored all the way.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 10 minutes today, following any special orders heretofore entered.

AMENDING PUBLIC BUILDINGS ACT OF 1949

Mr. DONDERO. Mr. Speaker, I call up the conference report on the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement of the managers.

(For conference report and statement, see proceedings of the House of June 24, 1954.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

Mr. DONDERO. Mr. Speaker, I offer a privileged resolution (H. Con. Res. 251), and ask for its immediate consideration.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill H. R. 6342 entitled "An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes," the Clerk of the House is authorized and directed to make the following corrections:

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 1 insert a period in lieu of the semicolon.

In the matter inserted in lieu of that proposed by the amendment of the Senate numbered 5 insert quotation marks before each of the eight parenthetical numerals, and at

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 19, 1954
For actions of July 16 and 17, 1954
83rd-2nd, Nos. 133 and 134

CONTENTS

Adjournment.....22	Farm economy.....32	Nomination.....3
Appropriations.....12	Farm program.....4,13,31,33	Organization, exec.....26
Atomic energy.....1,16	Flood relief.....27	Performance rating.....11
Banking & currency.....8	Foreign aid.....2,30	Personnel.....11,19
Beef purchases.....15	Forests & forestry.....17	Prices, support.....13,28
Budget.....26	Health.....29	Research.....17
CCC.....8	Housing, farm.....7	Soil conservation.....6
Committee staffs.....21	Lands, reclamation.....20	Strategic materials.....18
Credit unions.....10	transfer.....9,17	Transportation.....19,23,25
Dairy industry.....5	Legislative program.....22	TVA.....1
Drought relief.....15	Loans, farm.....7,14	Wheat.....24
Dual compensation.....11	Marketing quotas.....24	

HIGHLIGHTS: Conferees agreed on watershed bill and housing bill. House committee reported supplemental appropriation bill. House committees voted to report bills to increase CCC borrowing authority and to increase pay and provide other benefits to Federal employees. Senate committee reported foreign aid bill. Sen. Beall commended administration's farm program.

SENATE - July 16

1. ATOMIC ENERGY. Continued debate on S. 3690, to make various amendments to the Atomic Energy Act. Much of the discussion related to TVA. (pp. 10158-73, 10176-202, 10207-8, 10210-21.)
2. FOREIGN AID. The Armed Services Committee reported without further amendment H. R. 9678, the mutual security authorization bill for 1955 (S. Rept. 1816)(p. 10152).
3. NOMINATION of Clarence A. Davis, to be Under Secretary of the Interior, was received (p. 10221).
4. FARM PROGRAM. Sen. Beall commended the Administration's farm program and said it would bring more prosperity to farmers (pp. 10202-4).
5. DAIRY INDUSTRY. Sen. Wiley inserted a News for Dairy Co-ops article describing the meetings of the American Institute of Cooperatives at Cornell (p. 10157).
6. SOIL CONSERVATION. The "Daily Digest" states: "Conferees, in executive session,

agreed to file a conference report on...H. R. 6788, to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation. As agreed, the conferees substantially accepted the Senate version of the bill with the following major changes:

"(1) Struck out provision that dams providing a total capacity of 2,000 to 5,000 acre-feet must be approved by Congress, and substituted therefor a provision barring appropriations for plans including structures having total capacity of between 2,500 and 5,000 acre-feet, unless approved by the Senate and House Committees on Agriculture;

"(2) Provided that the Secretary of Agriculture could proceed on applications of local organizations unless such application had been disapproved by the authorized State agency or governor within 45 days after submission of such application; and

"(3) Authorized the Secretary of Agriculture to contract for construction of works of improvement until July 1, 1956, in those States in which local organizations do not have authority to enter into such contracts." (pp. D850-1.)

7. HOUSING LOANS. The conferees agreed to file a report on H. R. 7839, the omnibus housing bill, which includes a provision continuing the farm housing program administered by this Department (p. D850).

HOUSE - July 16

8. CCC BORROWING AUTHORITY. The Banking and Currency Committee ordered reported H. R. 9756, to increase the borrowing authority of CCC from \$8.5 billion to \$10 billion (p. D849).

9. LAND TRANSFER. The Agriculture Committee ordered reported H. J. Res. 550, to release the reversionary rights to a tract of former FHA land in Kern County, Calif. (pp. D848-9).

10. CREDIT UNIONS. A subcommittee of the D. C. Committee approved for reporting to the full committee S. 3683, transferring supervision of D. C. credit unions from the Comptroller of the Currency (Treasury Department) to the Bureau of Federal Credit Unions (HEW Department)(p. D849).

11. PERSONNEL. The Post Office and Civil Service Committee voted to report H. R. 5718, to limit the period for collection by the U. S. of compensation received by officers and employees in violation of the dual compensation laws (p. D850).

The Committee also approved a subcommittee report on performance rating plans (p. D850).

The "Daily Digest" states: "Committee on Post Office and Civil Service: Ordered reported favorably to the House S. 2665, the Federal employees' pay and classification bill for 1954 (the so-called fringe benefits bill). A committee amendment strikes out the Senate text and inserts language approved by the committee during consideration of Chairman Rees' bill, H. R. 8093. The committee amendment provides —

"A 5-percent increase on the minimum rate of each grade, through grade GS-17, of all employees paid under the Classification Act of 1949, with a minimum increase to each employee of \$180 a year. The bill also provides an increase of 5 percent for legislative employees...

"Makes certain additional changes in premium compensation, leave, longevity, uniform allowance, and other employee benefits.

"The number of supergrade positions provided by the Classification Act (now 400) is increased to 550, apportioned as follows: GS-18, 31; GS-17, 123; and GS-16, 396.

to permit Federal release of reversionary rights of certain property for school purposes in Kern County, Calif.

Also considered, but took no action on, S. 2548, re national grazing lands; S. 2313, re wool regulations under Commodity Exchange Act; H. R. 6878, re purchase of fungible goods from CCC; and H. R. 8879, re Farm Credit Administration loans.

CCC BORROWING POWER

Committee on Banking and Currency: Ordered reported to the House H. R. 9756, to increase borrowing power of the Commodity Credit Corporation from \$8.5 billion to \$10 billion.

CREDIT UNIONS

Committee on the District of Columbia: The Talle subcommittee approved for reporting to the full committee S. 3683, transferring the supervision of D. C. credit unions from the Comptroller of the Currency (Treasury) to the Director of the Bureau of Federal Credit Unions, Department of Health, Education, and Welfare. The bill also fixes license fees to the District for such credit unions, of \$5 a year.

Speaking in support of the proposed transfer were W. M. Taylor, Deputy Comptroller of the Currency; J. Deane Gannon, Director of Bureau of Federal Credit Unions (HEW); and Herbert N. Rhodes, representing the Credit Union National Association.

GOVERNMENT IN BUSINESS

Committee on Government Operations: Held further hearings on H. R. 8832, and related bills, to terminate or limit Government activities which are conducted in competition with private enterprise, and to establish an Anti-Government-Competition Board. Representatives of business and industrial groups testified for the third day in connection with the proposed legislation. Departmental witnesses are scheduled to resume at Monday's session on the subject.

INDIANS

Committee on Interior and Insular Affairs: The Berry subcommittee ordered the following Indian bills reported to the full committee—

H. R. 2233, amended, to provide for Federal acquisition of lands required for the reservoir created by the construction of Oahe Dam on the Missouri River and for rehabilitation of the Indians of the Cheyenne River Sioux Reservation, S. Dak.;

H. R. 7290, to authorize an appropriation for the construction of certain public-school facilities on the Klamath Indian Reservation at Chiloquin, Oreg.;

H. R. 8365, declares valid all patents-in-fee heretofore issued to the Mission Indians in the State of California notwithstanding issuance prior to the expiration of the trust period existing with respect to a trust patent;

S. 2744, to provide for the termination of Federal supervision over the property of the Alabama and Coushatta Tribes of Indians of Texas;

S. 2745, amended, to provide for termination of Federal supervision over property of Klamath Tribe of Indians of Oregon;

S. 2746, amended, to provide for termination of Federal supervision over property of certain tribes of Indians located in western Oregon; and

S. 3532, amended, distribution of assets of Ute Tribe of Uintah and Ouray Reservation in Utah.

U. S. CARGO VESSELS—OFFICERS' BENEFITS

Committee on Merchant Marine and Fisheries: In executive session ordered reported to the House S. 3233, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in U. S.-flag vessels. The bill was amended so as to exempt cargoes on ships of the Panama Canal Company.

Also ordered reported S. 2389, granting commissioned officers of Coast and Geodetic Survey certain military benefits and rights during time of war. Tabled H. R. 6316, a companion bill.

FEDERAL EMPLOYEES

Committee on Post Office and Civil Service: Ordered reported favorably to the House S. 2665, the Federal employees' pay and classification bill for 1954 (the so-called fringe benefits bill). A committee amendment strikes out the Senate text and inserts language approved by the committee during consideration of Chairman Rees' bill, H. R. 8093. The committee amendment provides—

A 5-percent increase on the minimum rate of each grade, through grade GS-17, of all employees paid under the Classification Act of 1949, with a minimum increase to each employee of \$180 a year. The bill also provides an increase of 5 percent for legislative employees with no minimum provision.

Makes certain additional changes in premium compensation, leave, longevity, uniform allowance, and other employee benefits.

The number of supergrade positions provided by the Classification Act (now 400) is increased to 550, apportioned as follows: GS-18, 31; GS-17, 123; and GS-16, 396.

Longevity-step increases presently provided for employees through grade GS-10 are provided under the bill for employees through grade GS-15. These longevity steps are in the same amount as the present within-grade promotion steps, except that for GS-15, which has within-grade promotion steps of \$250 each, the longevity increase will be \$200. No employees in grades GS-11 through GS-15, under the provisions of the bill, may count past service for more than one longevity step increase.

The Civil Service Commission is authorized to recruit qualified employees above the minimum rate of the grade for the position to which appointment is made in cases where a sufficient number of qualified eligibles cannot be secured at the regular entrance rate.

Provides for abolishing the Crafts, Protective, and Custodial (CPC) schedule. The 115,000 employees paid under this schedule will be divided into 2 groups. The first group consists of approximately 65,000, who will have their pay set by local

wage boards. The second group comprises approximately 50,000, who will be paid under Classification Act schedules. This will be worked out over a period of time by the Civil Service Commission under procedures provided for in the bill.

Provides a system of premium compensation for classified employees. This includes overtime compensation at 1½ times the regular rate of basic compensation not in excess of the top salary grade for GS-9 (\$5,810) or the regular straight-time rate, whichever is greater; night differential at the rate of 10 percent of the regular rate of basic compensation; holiday pay (not overtime) at a rate equal to the regular pay in addition to such regular pay; and standby time at appropriate rates determined by department heads with the approval of the Civil Service Commission (except for fire fighters) not in excess of 25 percent of the regular rate of basic compensation for GS-9. Fire fighters will receive the premium compensation benefits, but are not restricted by the 25 percent minimum. No premium pay may apply to raise the compensation of an individual to more than \$12,800.

The bill also contains a section on an incentive-awards program similar to the one contained in the Senate bill and to H. R. 7774.

It includes a provision whereby employees who are passed over on civil-service employment registers solely because of their sex, may appeal to the Civil Service Commission.

The present requirement that accumulated annual leave be liquidated down to 30 days is lifted and classified and postal employees may, under the bill, accumulate up to 60 days (90 days for those outside the U. S.) but may not be paid upon termination for more than 30 days plus current accrued leave. The language of this section is identical to H. R. 7202 (see attached).

Employees required to wear uniforms will be paid a uniform allowance to cover the cost of such uniforms up to \$100 annually.

The committee amendment does not include any provision for repeal or modification of the present law which relates to appointments, promotions, and reinstatements on a temporary basis. Originally H. R. 8093 did contain a repeal provision. Since the Senate bill (S. 2665) contains a provision for completely repealing it, the whole matter may be considered in the conference on the bill.

STAR ROUTES—DUAL COMPENSATION— PERFORMANCE RATINGS—POSTAL TRANSPORTATION

Committee on Post Office and Civil Service: Approved the following bills for reporting to the House—

S. 1244, relating to the renewal of contracts for the carrying of mail on star routes; and

H. R. 5718, to limit the period for collection by the United States of compensation received by officers and employees in violation of the dual compensation laws.

Also approved the following reports submitted by subcommittees on studies made in this Congress—(1) Performance rating plans in the Federal Government, by the Subcommittee on Civil Service, Representative Hagen, chairman; and (2) Survey and study of postal transportation, by the Subcommittee on Postal Operations, Representative St. George, chairman.

Joint Committee Meetings

HOUSING

Conferees, in executive session, agreed to file a conference report on the differences between the Senate-

and House-passed versions of H. R. 7839, to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities. Included in agreements reached by the conferees today are the following:

(1) Public housing—agreed to a 1-year extension of public housing—35,000 units—limited to those localities which have an acceptable slum clearance or urban renewal program, and limited to those persons dispossessed or displaced by either local, State, or Federal housing;

(2) FNMA—Senate conferees accepted the House provisions on FNMA with minor amendments;

(3) Section 814 of bill, certification by lender of soundness of loan—deleted from bill;

(4) Section 815, cost certification—deleted from bill;

(5) House conferees accepted Senate amendments to the following sections of the bill, with amendments: (a) Section 816, records required to be kept by local public housing administrations, (b) Section 817, requirement of submission of specifications by local public housing administrations, and (c) Section 818, authorizing Comptroller General to audit books of local public housing administrations;

(6) Section 819 of bill, requiring authorization by HHFA for advertisement of Government participation in housing projects—deleted from bill (provision in other section of the bill); and

(7) Section 820, report to Congress of information on housing by HHFA and constituent agencies—adopted by conferees with amendment.

TAX REVISION

Conferees continued in executive session to resolve the differences between the Senate- and House-passed versions of H. R. 8300, general tax revision, reaching agreement that House recede from its disagreement on Senate amendment to section 613, relating to percentage depletion. Conferees recessed subject to call of the Chair.

SOIL CONSERVATION

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H. R. 6788, to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation. As agreed, the conferees substantially accepted the Senate version of the bill with the following major changes:

(1) Struck out provision that dams providing a total capacity of 2,000 to 5,000 acre-feet must be approved by Congress, and substituted therefor a provision barring appropriations for plans including structures having total capacity of between 2,500 and 5,000 acre-feet, unless approved by the Senate and House Committees on Agriculture;

HOUSING ACT OF 1954

JULY 17, 1954.—Ordered to be printed

Mr. WOLCOTT, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7839]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Housing Act of 1954"*.

TITLE I—FEDERAL HOUSING ADMINISTRATION

AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

SEC. 101. (a) *Section 2 (a) of the National Housing Act, as amended, is hereby amended—*

(1) *by striking out the period at the end of the second sentence and by inserting a colon and the following: "Provided, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss.";* and

(2) *by inserting at the end thereof the following:*

"After the effective date of the Housing Act of 1954, (i) the Commissioner shall not enter into contracts for insurance pursuant to this section

except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and (iii) the Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved."

(b) As used in the amendments made by subsection (a) of this section "effective date of the Housing Act of 1954" shall mean the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

SEC. 102. Section 2 (f) of said Act, as amended, is hereby amended by adding the following at the end thereof: "The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of August 1, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States."

SEC. 103. Section 8 of said Act, as amended, is hereby amended by striking the period at the end of subsection (a) and inserting a colon and the following: "And provided further, That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

SEC. 104. Section 203 (b) (2) of said Act, as amended, is hereby amended to read as follows:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a one-

or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of \$9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of \$9,000, except that the President may increase such dollar amounts up to not to exceed \$10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: Provided, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85 per centum of the amount computed under the foregoing provisions of this paragraph (2): Provided further, That the mortgagor shall have paid on account of the property at least 5 per centum (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent."

SEC. 105. Section 203 (b) (3) of said Act, as amended, is hereby amended to read as follows:

"(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser."

SEC. 106. Section 203 (b) (5) of said Act, as amended, is hereby amended to read as follows:

"(5) Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market."

SEC. 107. Section 203 (c) of said Act, as amended, is amended by striking out of the second sentence the word "Provided" and inserting: "Provided, That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: Provided further"

SEC. 108. Section 203 (d) of said Act, as amended, is hereby amended by striking the period at the end thereof and inserting a colon and the following: "And provided further, That no mortgage shall be insured pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

SEC. 109. Subsections (f) and (g) of section 203 of said Act, as amended, are hereby repealed.

SEC. 110. Section 203 of said Act, as amended, is hereby further amended by adding the following new subsections at the end thereof:

"(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of \$7,000 and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other

catastrophe which the President, pursuant to section 2 (a) of the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes' (Public Law 875 Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.

"(i) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of \$6,650 and not in excess of 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single family residence, and which is approved for mortgage insurance prior to the beginning of construction: Provided, That (1) the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, or (2) the mortgagor shall be the owner and occupant of the property at the time of insurance, regardless of his credit standing, with whom a person or corporation having a credit standing satisfactory to the Commissioner, shall have entered into a written contract (a) to pay on behalf of the prospective owner and occupant all or part of the downpayment required by this paragraph agreeing to take as security a note from the latter bearing interest at the rate of not more than 4 per centum per annum, maturing after the last maturity date of principal due on the insured mortgage, with a right in the holder to accelerate maturity to a date following prepayment of the entire mortgage debt, under the terms of which note all rights of such person or corporation are subordinated to the rights of the mortgagee or assignees of the mortgagee, and (b) to guarantee payment of the insured mortgage by the owner and occupant according to the terms of the mortgage, or (3) shall be the builder constructing the dwelling; in which case the principal obligation shall not exceed 85 per centum of the appraised value of the property or \$5,950: Provided further, That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: Provided further, That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to the construction of a farm home on a plot of land five or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed \$100,000,000."

SEC. 111. Section 204 (a) of said Act, as amended, is hereby amended—

(1) by striking out of the third sentence the words "any mortgage insurance premiums paid after either of such dates" and inserting "any mortgage insurance premiums paid after either of such dates, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner";

(2) by striking out of the second proviso the words "or under section 213 of this Act," and inserting the following: "or under section 213 of this Act, or with respect to any mortgage accepted for

insurance under section 203 on or after the effective date of the Housing Act of 1954,"; and

(3) by striking the period at the end thereof and inserting a colon and the following: "And provided further, That, notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner."

SEC. 112. (a) Section 204 (d) of said Act, as amended, is hereby amended by striking out of the second sentence thereof the words "three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued, except that debentures issued with respect to mortgages insured under section 213 shall mature twenty years after the date of such debentures" and inserting "twenty years after the date thereof".

(b) Section 207 (i) of said Act, as amended, is hereby amended by striking out of the second sentence thereof "ten" and inserting "twenty".

(c) Section 803 (f) of said Act, as amended, is hereby amended by striking out of the second sentence thereof "ten" and inserting "twenty".

(d) Section 904 (d) of said Act, as amended, is hereby amended by striking out of the third sentence thereof the word "ten" and inserting "twenty".

(e) This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

SEC. 113. Section 204 of said Act, as amended, is hereby amended by adding at the end thereof the following new subsection:

(i) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice."

SEC. 114. Section 205 of said Act, as amended, is hereby amended to read as follows:

"SEC. 205. (a) The Commissioner shall establish as of July 1, 1954, in the Mutual Mortgage Insurance Fund a General Surplus Account and a Participating Reserve Account. All of the assets of the General Reinsurance Account shall be transferred to the General Surplus Account whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating

Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the General Surplus Account whereupon all of said group accounts shall be abolished.

“(b) The aggregate net income thereafter received or any net loss thereafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

“(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: Provided, That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

“(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive.”

SEC. 115. Section 207 (c) of said Act, as amended, is hereby amended—

(1) by inserting before the semicolon at the end of paragraph numbered (2) a colon and the following: “And provided further, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals”;

(2) by striking out the word “Alaska,” in paragraph numbered (2) and inserting “Alaska, or in Guam,”; and

(3) by striking out paragraph numbered (3) and inserting the following:

“(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project is less than four per family unit): Provided, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,000 per room to not to exceed \$2,400 per room and the dollar amount limitation of \$7,200 per family unit to not to exceed \$7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design.”

SEC. 116. Section 207 (d) of said Act, as amended, is hereby amended by inserting the words “of the Housing Insurance Fund” between the words “debentures” and “issued” in the first sentence of such section.

SEC. 117. Section 207 (h) of said Act, as amended, is hereby amended by striking out the period at the end of the first sentence and adding the following: "and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner."

SEC. 118. Section 212 (a) of said Act, as amended, is hereby amended by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under section 220 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families."

SEC. 119. (a) Section 213 (b) of said Act, as amended, is hereby amended, by striking clauses (1) and (2) and inserting:

"(1) not to exceed \$5,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

"(2) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed physical improvements are completed: Provided, That if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$2,375 per room (or \$8,550 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 95 per centum of the estimated value of the property or project when the proposed physical improvements are completed: Provided further, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) \$2,250 per room to not to exceed \$2,700; (ii) \$2,375 per room to not to exceed \$2,850; (iii) \$8,100 per family unit to not to exceed \$8,400; and (iv) \$8,550 per family unit to not to exceed \$8,900: And provided further, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President."

(b) Section 213 (c) of said Act, as amended, is hereby amended by striking from clause (1) "paragraph (A), paragraph (C), or paragraph (D) of".

SEC. 120. Section 213 (f) of said Act, as amended, is hereby amended by striking the last sentence thereof.

SEC. 121. Section 217 of said Act, as amended, is hereby amended to read as follows:

"SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time),

the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) \$1,500,000,000 except that with the approval of the President such aggregate amount may be increased by not to exceed \$500,000,000.

"It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2) into one general insurance authorization to take the place of all existing authorizations or limitations."

SEC. 122. Section 219 of said Act, as amended, is hereby amended by striking out the words "or the Defense Housing Insurance Fund," and inserting "the Defense Housing Insurance Fund, or the Section 220 Housing Insurance Fund,".

SEC. 123. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

**"REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING
INSURANCE**

"SEC. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3) (B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) As used in this section, the terms 'mortgage', 'first mortgage', 'mortgagee', 'mortgagor', 'maturity date', and 'State' shall have the same meaning as in section 201 of this Act.

"(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

"(1) The mortgaged property shall—

"(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing

Act of 1949, as amended: Provided, That a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and said Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan, and

“(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

“(2) The mortgaged property shall be held by—

“(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the Section 220 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

“(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

“(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

“(A) not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of \$9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of \$9,000, except that the President may increase such dollar amounts up to not to exceed \$10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: Provided, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85

per centum of the amount computed under the foregoing provisions of this paragraph (A); or

“(B) (i) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50,000,000; and

“(ii) not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed (the value of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

“(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit): Provided, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, except that the Commissioner may, by regulation, increase the foregoing limits by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require: And provided further, That nothing contained in this paragraph (B) shall preclude the insurance of mortgages covering existing multi-family dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

“(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 (b) (3). The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

“(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

“(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

“(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and

the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

“(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 220 Housing Insurance Fund.

“(g) There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 220 Housing Insurance Fund.

“Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

“Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

“SEC. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families to be displaced as the result of governmental action in a community respecting which (1) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be

provided: Provided, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families to be so displaced, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: Provided further, That the total number of dwelling units in properties covered by mortgage insurance under this section in any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families to be so displaced and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: Provided further, That, with respect to any community referred to in clause (1) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: And provided further, That with respect to any community referred to in clause (2) of this subsection (but not clause (1) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2) is being carried out.

“(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

“(c) As used in this section, the terms ‘mortgage’, ‘first mortgage’, ‘mortgagee’, ‘mortgagor’, ‘maturity date’ and ‘State’ shall have the same meaning as in section 201 of this Act.

“(d) To be eligible for insurance under this section, a mortgage shall—

“(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

“(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$7,600, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: Provided, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner’s estimate of the cost of acquisition in cash or its equivalent: Provided further, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in

such instances the mortgage shall not exceed 85 per centum of the appraised value; or

“(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivision of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$5,000,000; and not in excess of \$7,600 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not in excess of 95 per centum of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

“(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed thirty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

“(e) The Commissioner may at any time, under such terms and conditions as he may prescribe consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

“(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

“(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

“(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

“(2) as to mortgages meeting the requirements of paragraph (3) of subsection (d) of this section, as provided in section 207 (g) of this

Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or

“(3) in the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term ‘going Federal rate’ as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act.

“(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Adminis-

tration under this section may be charged to the Section 221 Housing Insurance Fund.

"Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund."

SEC. 124. Title II of said Act, as amended, is further amended by adding at the end thereof the following new section:

"MORTGAGE INSURANCE FOR SERVICEMEN

"SEC. 222. (a) The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and their families, and servicemen in the United States Coast Guard and their families, by supplementing the insurance of mortgages under section 203 of this title with a system of mortgage insurance specially designed to assist the financing required for the construction or purchase of dwellings by those persons. As used in this section, a 'serviceman' means a person to whom the Secretary of Defense (or any officer or employee designated by him), or the Secretary of the Treasury (or any officer or employee designated by him), as the case may be, has issued a certificate hereunder indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States or in the United States Coast Guard and has served on active duty for more than two years, but a certificate shall not be issued hereunder to any person ordered to active duty for training purposes only. The Secretary of Defense and the Secretary of the Treasury, respectively, are authorized to prescribe rules and regulations governing the issuance of such certificates and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from military assignment, or, in the case of the United States Coast Guard, other assignment.

"(b) In addition to mortgages insured under section 203, the Commissioner may, for the purpose of this section, insure any mortgage under this section which would be eligible for insurance under section 203, except that as to mortgages so insured the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in section 203 but not to exceed in any event 95 per centum of the

appraised value of the property and not to exceed \$17,100: Provided, That a mortgage insured under this section shall have been executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment.

“(c) The Commissioner may prescribe the manner in which a mortgage may be accepted for insurance under this section. Premiums fixed by the Commissioner under section 203 with respect to, or payable during, the period of ownership by a serviceman of the property involved shall not be payable by the mortgagee but shall be paid not less frequently than once each year, upon request of the Commissioner to the Secretary of Defense or the Secretary of the Treasury, as the case may be, from the respective appropriations available for pay and allowances of persons eligible for mortgage insurance under this section. As used herein, ‘the period of ownership by a serviceman’ means the period, for which premiums are fixed, prior to the date that the Secretary of Defense (or any officer or employee or other person designated by him) or the Secretary of the Treasury (or any officer or employee or other person designated by him), as the case may be, furnishes the Commissioner with a certification that such ownership (as defined by the Commissioner) has terminated.

“(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of the insurance as provided in section 204 (a) with respect to mortgages insured under section 203.

“(e) The provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 shall apply to mortgages insured under this section, except that as applied to those mortgages (1) all references to the ‘Fund’, or ‘Mutual Mortgage Insurance Fund’, shall refer to the ‘Servicemen’s Mortgage Insurance Fund’, and (2) all references to ‘section 203’ shall refer to this section.

“(f) There is hereby created a Servicemen’s Mortgage Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to such Fund from the War Housing Insurance Fund created by section 602 of this Act. Any premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Servicemen’s Mortgage Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, and cash adjustments and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Servicemen’s Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration incurred under this section may be charged to the Servicemen’s Mortgage Insurance Fund. Moneys in that Fund not needed for the current operation of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of that Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this section. Those purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized

by this section. Debentures so purchased shall be canceled and not reissued."

SEC. 125. Title II of said Act, as amended, is hereby further amended by adding at the end thereof the following new section to transfer to title II the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX; and to authorize the insurance under title II of mortgages assigned to the Commissioner under insurance contracts and mortgages held by the Commissioner in connection with the sale of property acquired under insurance contracts:

"MISCELLANEOUS HOUSING INSURANCE

"SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203 or section 207, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203 or section 207 of this title any mortgage—

"(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

"(2) executed in connection with the sale by the Public Housing Administration, or by any public housing agency with the approval of the said Administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

"(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing under the jurisdiction of the Tennessee Valley Authority; or

"(4) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

"(5) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), and (3) above; or

"(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 903 or section 908 of title IX: Provided, That the

principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that where a mortgage of a character described in paragraph (1), (2), (3), or (5) covers property held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust, if at least 65 per centum of such members or beneficiaries are veterans, such principal obligation may be in an amount not exceeding 95 per centum of such appraised value.*

“(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VII, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II.”

SEC. 126. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

“DEBENTURE INTEREST RATE

“SEC. 224. Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (3) of section 221 (g) hereof) shall bear interest at the rate in effect at the time the mortgage is insured. The Commissioner shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of

fifteen years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum.

"OPEN-END MORTGAGES

"SEC. 225. Notwithstanding any other provisions of this Act, in connection with any mortgage insured pursuant to any section of this Act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an 'open-end' provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: Provided, That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such 'open-end' advances: Provided further, That only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved shall be eligible for insurance under this section: Provided further, That no such advance shall be insured under this section if the amount thereof plus the amount of the unpaid balance of the original principal obligation of the mortgage would exceed the amount of such original principal obligation unless the mortgagor certifies that the proceeds of such advance will be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling: And provided further, That the insurance of 'open-end' advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this Act.

"FHA APPRAISAL AVAILABLE TO HOME BUYERS

"SEC. 226. The Commissioner is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance under section 203, 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) thereof, 220, 221, 222, or 903 of this Act, the seller or builder or such other person as may be designated by the Commissioner shall agree to deliver, prior to the sale of the property, to the person purchasing such dwelling for his own occupancy, a written statement setting forth the amount of the appraised value of the property as determined by the Commissioner. This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

"BUILDER'S COST CERTIFICATION

"SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed (a) to certify, upon com-

pletion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. As used in this section—

“(a) The term ‘new or rehabilitated multifamily housing’ means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof, (iv) under section 221, (v) under section 803, or (vi) under sections 903 and 908;

“(b) The term ‘approved percentage’ means the percentage figure which, under applicable provisions of this Act, the Commissioner is authorized to apply to his estimate of value or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount; and

“(c) The term ‘actual cost’ has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder’s profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an amount equal to the Commissioner’s estimate of the fair market value of any land (prior to the construction of the improvements built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the mortgagor paid for the acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder’s profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an additional amount equal to (A) in case the land and improvements are to be acquired by the mortgagor and the purchase price thereof is to be financed with part of the proceeds of the mortgage, the purchase price of such land and improvements prior to such repair or rehabilitation, or (B) in case the land and improvements are owned by the mortgagor subject to an outstanding indebtedness to be refinanced with part of the proceeds of the mortgage, the amount of such outstanding in-

debtedness secured by such land and improvements, but excluding (for the purposes of this clause (ii)) the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements: Provided, That such additional amount under either (A) or (B) of this clause (ii) shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation.

"SEC. 228. Notwithstanding section 505 of the Classification Act of 1949, as amended, the Commissioner may establish and place one position in grade GS-18, four positions in grade GS-17, and eight positions in grade GS-16 in the Federal Housing Administration, which positions shall be in lieu of any positions presently allocated in the Federal Housing Administration under said section 505."

ADDITIONAL AMENDMENTS RELATING TO FEDERAL HOUSING ADMINISTRATION

SEC. 127. Title VI of said Act, as amended, is hereby amended by adding the following new section at the end thereof:

"SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date."

SEC. 128. (a) Section 803 (a) of said Act, as amended, is amended by striking out "July 31, 1954" and substituting therefor "June 30, 1955."

(b) Section 903 (a) of said Act, as amended, is hereby amended by adding the following before the last proviso thereof: "Provided further, That the Commissioner shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than three years after the dwelling is made available for initial occupancy:"

SEC. 129. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended as follows: (1) by striking out the material within the parentheses in clause (a) and substituting therefor "except (i) pursuant to a commitment to insure issued on or before such date or (ii) after July 31, 1954, and until July 1, 1955, during such period, or for such project or projects, as the President may designate hereunder", and (2) by adding after the last comma in clause (b) "except after July 31, 1954, and until July 1, 1955, during such period, or for such project or projects, as the President may designate hereunder: Provided, That, to the extent necessary to assure the adequate completion of any facilities for which prior agreements have been made under title III, the Housing and Home Finance Administrator may, at any time after July 31, 1954, enter into amendatory agreements under such title involving the expenditure of additional Federal funds within the balance available therefor on or before such date".

SEC. 130. The paragraph following paragraph numbered (3) of section 803 (b) of the National Housing Act, as amended, and paragraph numbered (3) of section 908 (b) of said Act, as amended, are hereby amended to read as follows: "The mortgagor shall enter into the agreement required by section 227 of this Act, as amended."

SEC. 131. The eighth paragraph of section 709 of title 18 of the United States Code is hereby amended to read as follows:

"Whoever uses as a firm or business name the words 'Housing and Home Finance Agency', 'Federal Housing Administration', 'Federal National Mortgage Association', or 'Public Housing Administration' or the letters 'FHA' or any combination or variation of those words or the letters 'FHA' alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, which does not in fact exist, or falsely claims that any repair, improvement, or alteration of any existing structure is required or recommended by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, for the purpose of inducing any person to enter into a contract for the making of such repairs, alterations, or improvements, or falsely advertises or falsely represents by any device whatsoever that any housing unit, project, business, or product has been in any way endorsed, authorized, inspected, appraised, or approved by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof; or".

SEC. 132. Title V of the National Housing Act, as amended, is hereby amended by adding the following new sections after section 511:

"SEC. 512. Notwithstanding any other provision of law, the Commissioner is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under title I, II, VI, VII, VIII, or IX of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Commissioner has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of any regulation issued by the Commissioner under this Act or by the Administrator of Veterans' Affairs under said title III, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the Commissioner and shall be entitled, upon making a written request to the Commissioner, to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the Commissioner under this section shall be based on the preponderance of the evidence.

"SEC. 513. (a) The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under that Act is to be used principally

for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while such insurance on the mortgage remains outstanding.

“(b) Notwithstanding any other provisions of this Act, no new, existing, or rehabilitated multifamily housing with respect to which a mortgage is insured under this Act shall be operated for transient or hotel purposes unless (1) on or before May 28, 1954, the Commissioner has agreed in writing to the rental of all or a portion of the accommodations in the project for transient or hotel purposes (in which case no accommodations in excess of the number so agreed to by the Commissioner shall be rented on such basis), or (2) the project covered by the insured mortgage is located in an area which the Commissioner determines to be a resort area, and the Commissioner finds that prior to May 28, 1954, a portion of the accommodations in the project had been made available for rent for transient or hotel purposes (in which case no accommodations in excess of the number which had been made available for such use shall be rented on such basis).

“(c) Notwithstanding any other provisions of this Act, no mortgage with respect to multifamily housing shall be insured under this Act (except pursuant to a commitment to insure issued prior to the effective date of the Housing Act of 1954), and (except as to housing coming within the provisions of clause (1) or clause (2) of the preceding subsection) no mortgage with respect to multifamily housing shall be insured for an additional term, unless (1) the mortgagor certifies under oath that while such insurance remains outstanding he will not rent, or permit the rental of, such housing or any part thereof for transient or hotel purposes, and (2) the Commissioner has entered into such contract with, or purchased such stock of, the mortgagor as the Commissioner deems necessary to enable him to prevent or terminate any use of such property or project for transient or hotel purposes while the mortgage insurance remains outstanding.

“(d) The Commissioner is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal, as to all existing multifamily housing with respect to which a mortgage was insured under this Act prior to the effective date of the Housing Act of 1954 as well as to all multifamily housing with respect to which a mortgage is hereafter insured under this Act: Provided, That no criminal penalty shall, by reason of enactment of this section, be applicable to the rental or operation of any such existing multifamily housing in violation of any provision of subsection (b) of this section at any time prior to the effective date of the Housing Act of 1954.

“(e) As used in this section, (1) the term ‘rental for transient or hotel purposes’ shall have such meaning as prescribed by the Commissioner but rental for any period less than thirty days shall in any event constitute rental for such purposes, and (2) the term ‘multifamily housing’ shall mean (i) a property held by a mortgagor upon which there are located five or more single family dwellings, or upon which there is located a two-, three-, or four-family dwelling, or (ii) a property or project covered by mortgage insured or to be insured under section 207, under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, under section 220 if the mortgage is within the provisions of paragraph (3) (B) of subsection (d) thereof, under section 221 if the mortgage is within the provisions of paragraph (3) of subsection (d) thereof, under

section 608, under section 803, or under section 908, or (iii) a project with respect to which an insurance contract pursuant to title VII is outstanding.

“(f) Promptly after receipt of written notice that any portion of any building is being rented or operated in violation of any provision of this section or of any rule or regulation lawfully issued thereunder, the Commissioner shall investigate the existence of the facts alleged in the written notice and shall order such violation, if found to exist, to cease forthwith.

“(g) If such violation does not cease in accordance with such order, the Commissioner shall forward the complaint to the Attorney General of the United States for prosecution of such civil or criminal action, if any, which the Attorney General may find to be involved in such violation.

“(h) Whenever he finds a violation of any provision of this section has occurred or is about to occur, the Attorney General shall petition the district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and upon a showing by the Attorney General that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

“(i) Any person owning or operating a hotel within a radius of fifty miles of a place where a violation of any provision of this section has occurred or is about to occur, or any group or association of hotel owners or operators within said fifty-mile radius, at his or their sole charge or cost, may petition any district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and, upon a showing that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted.

“(j) The several district courts of the United States and the several district courts of the Territories of the United States or other place subject to United States jurisdiction, within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, shall, wherever such acts or practices may have been done or committed, have full power and jurisdiction to hear, try, and determine such matter under subsections (h) and (i) of this section.”

TITLE II—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 201. Title III of the National Housing Act, as amended, is hereby amended to read as follows:

"TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

"PURPOSES

"SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

"(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

"(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy; and

"(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

"CREATION OF ASSOCIATION

"SEC. 302. (a) There is hereby created a body corporate to be known as the 'Federal National Mortgage Association' (hereinafter referred to as the 'Association'), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

"(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured under this Act, as amended, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: Provided, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; and (2) the Association may not purchase any mortgage if (i) it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality or (ii) the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage.

"CAPITALIZATION

"SEC. 303. (a) The Association shall have nonvoting common stock; and initially shall also have nonvoting preferred stock to which the Secretary of the Treasury shall subscribe as provided in subsections (d) and (e) of this section. All stock of the Association shall have a par value of \$100 per share, and shall not be transferable except on the books of the Association. At the option of the Association all such stock shall be retirable at par value at any time, except that retirements of common stock shall not be made if, as a consequence, the amount thereof remaining outstanding would be less than \$100,000,000. With respect to the preferred stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year or portion thereof, from the date or dates the capital represented by such preferred stock is initially utilized until such preferred stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the preferred stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the preferred stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible. Concurrently with the retirement of the last of such outstanding shares of preferred stock, the Association shall pay to the Secretary of the Treasury for covering into miscellaneous receipts an amount equal to that part of the general surplus and reserves of the Association (other than reserves established to provide for any depreciation in value of its assets, including mortgages) which shall be deemed to have been earned through the use of the capital represented by the shares held by him from time to time. The amount of such payment shall be determined by applying to such surplus and reserves that percentage which is equivalent to the proportion borne by the employed capital represented by the Secretary's stock to the total employed capital of the Association, computed monthly for the period from the cutoff date determined pursuant to section 303 (d) of this title to the aforesaid retirement of the last of the outstanding shares of preferred stock of the Association.

"(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to not less than 3 per centum of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association, or such greater percentage as may from time to time be determined by the Association. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

"(c) The Association shall issue, from time to time, to each mortgage seller its common stock (only in denominations of \$100 or multiples thereof) evidencing any capital contributions made by such seller pursuant

to subsection (b) of this section. Such dividends as may be declared by the board of directors in its discretion shall be paid by the Association to the holders of its common stock, but in any one fiscal year the general surplus account of the Association shall not be reduced through the payment of dividends applicable to such common stock which exceed in the aggregate 5 per centum of the par value of the outstanding common stock of the Association: *Provided*, That pending the retirement of all the outstanding preferred stock of the Association such percentage with respect to any one fiscal year shall not exceed the percentage rate of the cumulative dividend applicable to the preferred stock of the Association for that fiscal year.

“(d) Within ninety days following the effective date of the Housing Act of 1954, as of the day following a cutoff date to be determined by the Association, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, preferred stock of the Association having an aggregate par value equal to the sum of (1) the amount of \$21,000,000 (being the amount of the original subscription for capital stock of \$20,000,000 and paid-in surplus of \$1,000,000 of the Association) and (2) an amount equal to the Association's surplus, surplus reserves, and undistributed earnings, computed as of the close of the cutoff date.

“(e) The preferred stock of the Association delivered to the Secretary of the Treasury pursuant to subsection (d) of this section shall be in exchange for (1) the note or notes evidencing the aforesaid original \$21,000,000 (upon which the accrued interest shall have been paid through the cutoff date referred to in subsection (d) of this section), and (2) the release to the Association of any and all rights or claims which the United States might otherwise have or claim in and to the Association's capital, surplus, surplus reserves, and undistributed earnings, computed as of the close of the aforesaid cutoff date.

“(f) Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System or any member of the Federal Deposit Insurance Corporation, trust company, or other banking organization, organized under any law of the United States States, including the laws relating to the District of Columbia, shall be authorized to make payments to the Association of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock of the Association evidencing such capital contributions, and to hold or dispose of such stock, subject to the provisions of this title.

“(g) As promptly as practicable after all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator shall transmit to the President for submission to the Congress recommendations for such legislation as may be necessary or desirable to make appropriate provisions to transfer to the owners of the outstanding common stock of the Association the assets and liabilities of the Association in connection with, and the control and management of, the secondary market operations of the Association under section 304 of this title in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

"SECONDARY MARKET OPERATIONS

"SEC. 304. (a) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, at the market price for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

"(b) For the purposes of this section, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of obligations of the Association under this subsection outstanding at any one time shall not exceed 10 times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings, and in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership pursuant to this section, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this

subsection if (1) all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, or (2) such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than \$500,000,000 plus an amount equal to the total of such reductions in the maximum dollar amount prescribed by section 306 (c) as have theretofore been effected pursuant to that section: Provided, That such aggregate principal amount under this subsection (c) shall in no event exceed \$1,000,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

“(d) The Association may not purchase participations or make any advance contracts or commitments to purchase mortgages for its operations under this section, except that the Association may, in the discretion of its board of directors, issue a purchase contract (which shall not be assignable or transferable except with the consent of the Association) in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder thereof to sell to the Association mortgages in the amount of the contract, upon such terms and conditions as the Association may prescribe.

“SPECIAL ASSISTANCE FUNCTIONS

“SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

“(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

“(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$200,000,000 outstanding at any one time: *Provided, That, notwithstanding such limitation, the President pursuant to subsection (a) of this section may also authorize the Association to exercise its powers to enter into commitments to purchase immediate participations and to make related deferred participation agreements as hereinafter in this subsection provided, but only to the extent that the total amount of such immediate participation commitments and purchases pursuant thereto (but not including the amount of any related deferred participation agreements or purchases pursuant thereto) shall not in any event exceed \$100,000,000 outstanding at any one time, and any such deferred participation agreements shall be made by the Association only on the basis of a commitment by it to purchase an immediate participation of a 20 per centum undivided interest in each mortgage and a related deferred participation agreement by the Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the right to foreclose.*

“(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

“MANAGEMENT AND LIQUIDATING FUNCTIONS

“SEC. 306. (a) To carry out the purposes set forth in paragraph (c) of section 301, the Association is authorized and directed, as of the close of the cutoff date determined by the Association pursuant to section 303 (d) of this title, to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by preferred stock as provided in section 303 (d) hereof, but inclusive of all rights and obligations under any outstanding contracts), and to maintain such separate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section.

“(b) For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and

bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

“(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: Provided, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: And provided further, That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection and subsection (e) of this section the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.

“(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary

of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

"(e) Of the \$3,650,000,000 total amount of investments, loans, purchases, and commitments heretofore authorized to be outstanding at any one time under this title III prior to the enactment of the Housing Act of 1954, a total of not to exceed \$300,000,000 shall be applicable as provided in section 305 of this title, and a total of not to exceed \$3,350,000,000 shall be applicable as provided in subsection (c) of this section.

"SEPARATE ACCOUNTABILITY

"SEC. 307. (a) The Association shall establish and at all times maintain separate accountability for (1) its secondary market operations authorized by section 304 hereof, (2) its special assistance functions authorized by section 305 hereof, and (3) its management and liquidating functions authorized by section 306 hereof.

"(b) With respect to the functions or operations of the Association under sections 305 and 306, respectively, of this title, (1) there shall be no recourse to the capitalization of the Association provided for by section 303 of this title, and (2) mortgage sellers shall not be required to make payment to the Association of the capital contributions provided for by section 303 (b) of this title.

"(c) All of the benefits and burdens incident to the administration of the functions and operations of the Association under sections 305 and 306, respectively, of this title, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the board of directors of the Association shall deem appropriate, shall inure solely to the Secretary of the Treasury, and such related earnings or other amounts as become available shall be paid annually by the Association to the Secretary of the Treasury for covering into miscellaneous receipts.

"BOARD OF DIRECTORS

"SEC. 308. (a) The Association shall have a Board of Directors consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by said Administrator from among the officers or employees of the Association, of the immediate office of said Administrator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons

shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The basic rate of compensation of the position of president of the Association shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency. The members of the board, as such, shall not receive compensation for their services.

“GENERAL POWERS

“SEC. 309. (a) The Association shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; by its board of directors, to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, territory or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that the Association may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of the purposes of the Association; and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

“(b) Except as may be otherwise provided in this title, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Association shall determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

“(c) The Association, including its franchise, capital, reserves, surplus, mortgages, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that (1) any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed, and (2) the Association shall, with respect to its secondary market operations under section 304 after the cutoff date referred to in section 303 (d) of this title, pay annually to the Secretary of the Treasury, for covering into

miscellaneous receipts, an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations.

“(d) The Chairman of the Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine subject to the civil service and classification laws. Bonds may be required for the faithful performance of their duties, and the Association may pay the premiums therefor. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this title.

“(e) No individual, association, partnership, or corporation, except the body corporate created by section 302 of this title, shall hereafter use the words ‘Federal National Mortgage Association’ or any combination of such words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$100 or imprisonment not exceeding thirty days, or both, for each day during which such violation is committed or repeated.

“(f) In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this title, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

“(g) The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Association in the general performance of its powers, and the Association shall reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

“INVESTMENT OF FUNDS

“SEC. 310. Moneys of the Association not invested in mortgages or in operating facilities shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.

“OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

“SEC. 311. All obligations issued by the Association shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

"SHORT TITLE

"SEC. 312. This title III may be referred to as the 'Federal National Mortgage Association Charter Act'."

SEC. 202. The Federal National Mortgage Association, established pursuant to the provisions of title III of the National Housing Act as in effect prior to July 1, 1948, and named in section 101 of the Government Corporation Control Act, as amended, shall be the body corporate referred to in section 302 of title III of the National Housing Act, as amended by the Housing Act of 1954.

SEC. 203. The penultimate sentence of paragraph Seventh of section 5136 of the Revised Statutes, as amended, is hereby amended by striking "or obligations of national mortgage associations" and inserting "or obligations of the Federal National Mortgage Association".

SEC. 204. (a) Subsection (h) of section 11 of the Federal Home Loan Bank Act, as amended, is hereby amended by inserting after "in obligations of the United States" a comma and the following: "in obligations of the Federal National Mortgage Association,". The last sentence of section 16 of said Act is amended by inserting after "in direct obligations of the United States" a comma and the following: "in obligations of the Federal National Mortgage Association,".

(b) The first paragraph of subsection (c) of section 5 of the Home Owners' Loan Act of 1933, as amended, is hereby amended by inserting in the second proviso before the colon and after "Federal Home Loan Bank" the following: "or in the obligations of the Federal National Mortgage Association".

SEC. 205. Subsection (b) of section 2 of the Alaska Housing Act, as amended, is hereby repealed.

SEC. 206. Public Law 243, Eighty-second Congress, approved October 30, 1951, as amended, is hereby repealed. Subsection (a) of section 608 of Public Law 139, Eighty-second Congress, approved September 1, 1951, is hereby repealed.

SEC. 207. The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan Numbered 22 of 1950, together with the notes and capital stock of the Federal National Mortgage Association held by said Administrator thereunder, are hereby transferred to the Federal National Mortgage Association.

TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 301. The heading of title I of the Housing Act of 1949, as amended, is hereby amended to read "TITLE I—SLUM CLEARANCE AND URBAN RENEWAL".

SEC. 302. Title I of said Act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

"URBAN RENEWAL FUND

"SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the 'Urban Renewal Fund', and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts,

obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund."

SEC. 303. Section 101 of said Act, as amended, is hereby amended to read as follows:

"SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

"(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

"(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: Provided, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (i) of paragraph (1) of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in

clause (2) of section 221 (a) of said Act: And provided further, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105 (c) of this title have been met.

“(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs.”

SEC. 304. Section 102 of said Act, as amended, is hereby amended—

(1) by amending the first sentence in subsection (a) to read as follows: “To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects.”;

(2) by inserting in the second sentence of subsection (a) before the word “expenditures” the word “estimated” and by inserting after the word “bonds” the words “or other obligations”;

(3) by striking out “new uses of land in the project area” at the end of the first sentence of subsection (b) and inserting “new uses of such land in the project area”;

(4) by striking out the words “bear interest at such rate” in the second sentence of subsection (b) and inserting “bear interest at such rate”; and

(5) by amending subsection (d) to read as follows:

“(d) The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such

projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds."

SEC. 305. Subsection (a) of section 103 of said Act, as amended, is hereby amended to read as follows:

"(a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: Provided, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

SEC. 306. Section 104 of said Act, as amended, is hereby amended by striking "section 110 (f) of land" and inserting "section 110 (f) of the property".

SEC. 307. Section 105 of said Act, as amended, is hereby amended—

(1) by striking "Contracts for financial aid" and inserting "Contracts for loans or capital grants";

(2) by amending subsections (a) and (b) to read as follows:

"(a) The urban renewal plan (including any redevelopment plan constituting a part thereof) for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;

"(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: Provided, That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;"

(3) by striking the word "project" wherever it appears in subsection (c) and inserting the term "urban renewal"; and

(4) by striking out the proviso at the end of subsection (c), and substituting a period for the colon preceding said proviso.

SEC. 308. Section 106 of said Act, as amended, is hereby amended by inserting the following proviso before the period at the end of subsection (b): "": Provided, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made".

SEC. 309. Section 107 of said Act, as amended, is hereby amended by striking out the words "redevelopment plan" and inserting "urban renewal plan".

SEC. 310. Section 109 of said Act, as amended, is hereby amended to read as follows:

"SEC. 109. In order to protect labor standards—

"(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

"(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title."

SEC. 311. Section 110 of said Act, as amended, is hereby amended to read as follows:

"SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Urban renewal area' means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

"(b) 'Urban renewal plan' means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelop-

ment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this section, a redevelopment plan approved by the governing body of the locality.

“(c) ‘Urban renewal project’ or ‘project’ may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. For the purposes of this subsection, ‘slum clearance and redevelopment’ may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: Provided, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated, or deteriorating area shall not be applicable in the case of an open land project: And provided further, That financial assistance shall not be extended under this title for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection, ‘rehabilitation’ or ‘conservation’ may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental

to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

"For the purposes of this title, the term 'project' shall not include the construction or improvement of any building, and the term 'redevelopment' and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term 'project' shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

"(d) 'Local grants-in-aid' shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing, public facilities financed by special assessments against land in the project area, and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: Provided, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: And provided further, That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with

such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

“(e) ‘Gross project cost’ shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

“(f) ‘Net project cost’ shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

“(g) ‘Going Federal rate’ means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is approved by the Administrator, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

“(h) ‘Local public agency’ means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. ‘State’ includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

“(i) ‘Land’ means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

“(j) ‘Administrator’ means the Housing and Home Finance Administrator.”

SEC. 312. Notwithstanding the amendments of this title to title I of the Housing Act of 1949, as amended, the Administrator, with respect to any project covered by any Federal aid contract executed, or prior approval granted, by him under said title I before the effective date of this Act, upon request of the local public agency, shall continue to extend financial assistance for the completion of such project in accordance with the provisions of said title I in force immediately prior to the effective date of this Act.

SEC. 313. *The provisos with respect to the appropriation for capital grants for slum clearance and urban redevelopment contained in title I of the First Independent Offices Appropriation Act, 1954 (Public Law 176, Eighty-third Congress) and in title I of the Independent Offices Appropriation Act, 1955 (Public Law 428, Eighty-third Congress) are hereby repealed.*

SEC. 314. *The Housing and Home Finance Administrator is authorized to make grants, subject to such terms and conditions as he shall prescribe, to public bodies, including cities and other political subdivisions, to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight. No such grant shall exceed two-thirds of the cost, as determined or estimated by said Administrator, of such activities or undertakings. In administering this section, said Administrator shall give preference to those undertakings which in his judgment can reasonably be expected to (1) contribute most significantly to the improvement of methods and techniques for the elimination and prevention of slums and blight, and (2) best serve to guide renewal programs in other communities. Said Administrator may make advance or progress payments on account of any grant contracted to be made pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended. The aggregate amount of grants made under this section shall not exceed \$5,000,000 and shall be payable from the capital grant funds provided under and authorized by section 103 (b) of the Housing Act of 1949, as amended.*

SEC. 315. *Section 19 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended by striking "\$2,000" in subsection (a) and subsection (b) and inserting in each instance "\$2,500 unless insured as provided in title I of the National Housing Act, as amended".*

SEC. 316. *Section 20 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended—*

(1) by striking "1949" wherever it appears in said section and inserting "1949, as amended": Provided, That this clause (1) shall not limit or restrict any authority under said section 20; and

(2) by adding the following new subsections at the end of said section:

"(i) In addition to its authority under any other provision of this Act, the Agency is hereby authorized to plan and undertake urban renewal projects (as such projects are defined in title I of the Housing Act of 1949, as amended), and in connection therewith the Agency, the District Commissioners, the National Capital Planning Commission, and the other appropriate agencies operating within the District of Columbia shall have all of the rights and powers which they have with respect to a project or projects financed in accordance with the preceding subsections of this section: Provided, That for the purpose of this subsection the word 'redevelopment' wherever found in this Act (except in section 3 (n)) shall mean 'urban renewal', and the references in section 6 to the acquisition, disposition, or assembly of real property for a project shall mean the undertaking of an urban renewal project.

"(j) The District Commissioners are hereby authorized to prepare a workable program as prescribed by section 101 (c) of the Housing Act of 1949, as amended, and are also authorized to request the necessary funds for the preparation of said workable program. The Commissioners may request the participation of the Agency in the preparation

of said workable program and may include in their annual estimates of appropriations such funds as may be required by the Commissioners or the Agency, or both, for this purpose. The District Commissioners are hereby authorized, with or without reimbursement, to cooperate with the Agency in carrying out urban renewal projects and to utilize for that purpose the facilities and personnel of the District of Columbia under agreement with the Agency."

TITLE IV—LOW-RENT PUBLIC HOUSING

SEC. 401. The United States Housing Act of 1937, as amended, is hereby amended—

(1) by adding at the end of section 10 the following new subsection:

"(i) Notwithstanding the provisions of any other law, the Public Housing Administration may, with respect to low-rent housing projects initiated after March 1, 1949, enter into new contracts, agreements, or other arrangements during the fiscal year 1955 for loans and annual contributions pursuant to the United States Housing Act of 1937, as amended, with respect to not exceeding thirty-five thousand additional units: Provided, That no such new contract, agreement, or other arrangement shall be made except with respect to low-rent housing projects to be undertaken in a community in which there is being carried out a slum clearance and urban redevelopment project, or a slum clearance and urban renewal project, assisted under title I of the Housing Act of 1949, as amended, and the local governing body of the community undertaking such slum clearance and urban redevelopment project, or slum clearance and urban renewal project, certifies that such low-rent housing project is necessary to assist in meeting the relocation requirements of section 105 (c) of title I of the Housing Act of 1949, as amended: And provided further, That the total number of dwelling units in low-rent housing projects covered by such new contracts, agreements, or other arrangements shall not exceed the total number of such dwelling units which the Administrator determines to be needed for the relocation of families to be displaced as a result of Federal, State, or local governmental action in such community.";

(2) by striking from subsection 10 (g) the words following the colon up to and including the words "such families" and inserting the following: "First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: Provided, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: And provided further, That, as among families within any such preference group";

(3) by striking the words "or was to be displaced by another low-rent housing project or by a public slum-clearance or redevelopment project" in clause (ii) of subsection 15 (8) (b) and inserting the following: "or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through

the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units"; and

(4) by striking the words "not later than five years after March 1, 1949" in subsection 15 (8) (b) and inserting "not later than March 1, 1959".

SEC. 402. Subsection 10 (h) of said Act, as amended, is hereby amended to read as follows:

"(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: Provided, That, if at the time such agreement for local cooperation is entered into it appears that such 10 per centum payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivisions in which the project is situated of at least 20 per centum of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 per centum: Provided further, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project or (ii) 20 per centum of the annual contributions paid by the Authority (but not in excess of the taxes levied): And provided further, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection."

SEC. 403. Section 10 of said Act, as amended, is hereby amended by adding the following new subsection:

"(j) Every contract made pursuant to this Act for annual contributions for any low-rent housing project for which no such contract has been

entered into prior to the enactment of the Housing Act of 1954 shall provide that—

“(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection, (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

“(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in clause 1 (a) of this subsection: Provided, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project.”.

SEC. 404. Paragraph (6) of section 16 of said Act, as amended, is hereby repealed.

SEC. 405. Section 10 of the United States Housing Act of 1937, as amended, is hereby amended by adding the following subsection:

“(k) All expenditures of appropriations for the payment of annual contributions shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.”

SEC. 406. Section 10 of said Act, as amended, is hereby amended by adding the following new subsection:

“(l) In any community where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause numbered (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project.”

TITLE V—HOME LOAN BANK BOARD

SEC. 501. *The National Housing Act, as amended, is hereby amended—*

(1) *by amending section 402 (c) (4) to read as follows:*

“(4) To sue and be sued, complain and defend, in any court of competent jurisdiction in the United States or its Territories or possessions or the Commonwealth of Puerto Rico, and may be served by serving a copy of process on any of its agents or any agent of the Home Loan Bank Board and mailing a copy of such process by registered mail to the Corporation at Washington, District of Columbia.”;

(2) *by adding the following new subsection to section 405:*

“(c) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of three years from the date of default unless, within such three-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the Corporation and its validity denied, in which event the action may be brought within two years from the date of such denial.”; and

(3) *by striking the first four sentences of section 407 and inserting the following: “Any insured institution other than a Federal savings and loan association may terminate its status as an insured institution by written notice to the Corporation. Whenever in the opinion of the Home Loan Bank Board any insured institution has violated its duty as such or has continued unsafe or unsound practices in conducting the business of such institution, or has knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured institution is subject, said Board shall first give to the authority having supervision of the institution, if any, a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the institution. In the case of an institution of a State where there is no supervisory authority the statement shall be sent directly to the institution. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the supervisory authority, if any, shall require, the Home Loan Bank Board, if it shall determine to proceed further, shall give to the institution not less than thirty days’ written notice of intention to terminate the status of the institution as an insured institution, and shall fix a time and place for a hearing before the Home Loan Bank Board, a member thereof, or a person designated by the Board. The Home Loan Bank Board shall make written findings. Unless the institution shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured institution. If the Home Loan Bank Board shall find that any unsafe or unsound practice or violation specified in such notice has been established and has not been corrected within the time above prescribed in which to make such correction, the Home Loan Bank Board may issue its order terminating the insured status of the institution effective on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The*

hearing hereinabove provided for shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. In the event of the termination of such status, insurance of its accounts to the extent that they were insured on the date of such notice by the institution to the Corporation or such order of termination, less any amounts thereafter withdrawn, repurchased, or redeemed which reduce the insured accounts of an insured member below the amount insured on the date of such notice or order, shall continue for a period of two years, but no investments or deposits made after the date of such notice or order of termination shall be insured. The Corporation shall have the right to examine such institution from time to time during the two-year period aforesaid. Such insured institution shall be obligated to pay, within thirty days after any such notice or order of termination, as a final insurance premium, a sum equivalent to twice the last annual insurance premium paid by it."

SEC. 502. The Federal Home Loan Bank Act, as amended, is hereby amended by striking "\$20,000" in section 10 (b) (2) and inserting "\$35,000".

SEC. 503. The Home Owners' Loan Act of 1933, as amended, is hereby amended—

(1) by striking "\$20,000" wherever it appears in the first paragraph of subsection (c) of section 5 and inserting "\$35,000";

(2) by amending subsection (d) of section 5 to read as follows:

"(d) (1) The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or rules and regulations made hereunder, or any other law or regulation, and in the administration of conservatorships and receiverships as provided in subsection (d) (2) hereof, the Board is authorized to act in its own name and through its own attorneys. The Board shall have power to sue and be sued, complain and defend in any court of competent jurisdiction in the United States or its territories or possessions or the Commonwealth of Puerto Rico. It shall by formal resolution state any alleged violation of law or regulation and give written notice to the association concerned of the facts alleged to be such violation, except that the appointment of a Supervisory Representative in Charge, a conservator or a receiver shall be exclusively as provided in subsection (d) (2) hereof. Such association shall have thirty days within which to correct the alleged violation of law or regulation and to perform any legal duty. If the association concerned does not comply with the law or regulation within such period, then the Board shall give such association twenty days' written notice of the charges against it and of a time and place at which the Board will conduct a hearing as to such alleged violation of duty. Such hearing shall be in the Federal judicial district of the association unless it consents to another place and shall be conducted by a hearing examiner as is provided by the Administrative Procedure Act. The Board or any member thereof or its designated representative shall have power to administer oaths and affirmations and shall have power to issue subpoenas and subpoenas duces tecum, and shall issue such at the request of any interested party, and the Board or any interested party may apply to the United States district court of the district where such hearing is

designated for the enforcement of such subpoena or subpoena duces tecum and such courts shall have power to order and require compliance therewith. A record shall be made of such hearing and any interested party shall be entitled to a copy of such record to be furnished by the Board at its reasonable cost. After such hearing and adjudication by the Board, appeals shall lie as is provided by the Administrative Procedure Act, and the review by the court shall be upon the weight of the evidence. Upon the giving of notice of alleged violation of law or regulation as herein provided, either the Board or the association affected may, within thirty days after the service of said notice, apply to the United States district court for the district where the association is located for a declaratory judgment and an injunction or other relief with respect to such controversy, and said court shall have jurisdiction to adjudicate the same as in other cases and to enforce its orders. The Board may apply to the United States district court of the district where the association affected has its home office for the enforcement of any order of the Board and such court shall have power to enforce any such order which has become final. The Board shall be subject to suit by any Federal savings and loan association with respect to any matter under this section or regulations made thereunder, or any other law or regulation, in the United States district court for the district where the home office of such association is located, and may be served by serving a copy of process on any of its agents and mailing a copy of such process by registered mail, to the Home Loan Bank Board, Washington, District of Columbia.

“(2) The grounds for the appointment of a conservator or receiver for a Federal savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint *ex parte* and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner removed by the Board, such Supervisory Representative in Charge shall hold office until a conservator or receiver, appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for six months, or until thirty days after the termination of the administrative hearing and final proceedings herein provided, or until sixty days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such appointment of a conservator or receiver shall be made except pursuant to a formal resolution of the Board stating the grounds therefor and except notice thereof is given

to said association stating the grounds therefor and until an opportunity for an administrative hearing thereon is afforded to said association. Such hearing shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. A conservator shall have all the powers of the members, the directors, and officers of the Federal association and shall be authorized to operate it in its own name or conserve its assets in the manner and to the extent authorized by the Board. The Board shall appoint only the Federal Savings and Loan Insurance Corporation as receiver for any Federal savings and loan association, which shall have power as receiver to buy at its own sale subject to approval by the Board. With the consent of the association expressed by a resolution of the board of directors or of its members, the Board is authorized to appoint a conservator or receiver for a Federal association without notice and without hearing. The Board shall have power to make rules and regulations for the reorganization, merger, and liquidation of Federal associations and for such associations in conservatorship and receivership and for the conduct of conservatorships and receiverships. Whenever a Supervisory Representative in Charge, conservator, or receiver, appointed by the Board pursuant to the provisions of this section, demands possession of the property, business and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year or both by such fine and imprisonment.”; and

(3) by striking out the second paragraph of subsection (c) of section 5 and inserting in lieu thereof the following new paragraph:

“Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 per centum of the assets of such association in loans insured under title I of the National Housing Act, as amended, in unsecured loans insured or guaranteed under the provisions of the Servicemen’s Readjustment Act of 1944, as amended, and in other loans for property alteration, repair, or improvement: Provided, That no such loan shall be made in excess of \$2,500.”

TITLE VI—VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

DECLARATION OF POLICY

SEC. 601. It is declared to be the policy of Congress—

(a) to seek the constant improvement of the living conditions of all the people under a strong, free, competitive economy, and to take such action as will facilitate the operation of that economy to provide adequate housing for all the people and to meet the demands for new building;

(b) to provide a means of financing housing within the framework of our private enterprise system and without vast expenditures of public moneys;

(c) to encourage and facilitate the flow of funds for housing credit into remote areas and small communities, where such funds are not available in adequate supply; and

(d) to assist in the development of a program consonant with sound underwriting principles, whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic stability and growth of the Nation through extension of the market for insured or guaranteed mortgage loans.

DEFINITIONS

SEC. 602. As used in this title, the following terms shall have the meanings respectively ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Insured or guaranteed mortgage loan" means any loan made for the construction or purchase of a family dwelling or dwellings and which is (1) guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended, or (2) secured by a mortgage insured under the National Housing Act, as amended.

(b) "Private financing institutions" means life-insurance companies, savings banks, commercial banks, savings and loan associations (including cooperative banks, homestead association, and building and loan associations), and mortgage companies.

(c) "Administrator" means the Housing and Home Finance Administrator.

(d) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION COMMITTEE

SEC. 603. There is hereby established a National Voluntary Mortgage Credit Extension Committee, hereinafter called the "National Committee", which shall consist of the Housing and Home Finance Administrator, who shall act as Chairman of the National Committee, and fourteen other persons appointed by the Administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

(c) Two representatives of real estate boards.

The Administrator shall also request the Board of Governors of the Federal Reserve System to designate a representative of the Board to serve on the National Committee in an advisory capacity.

The Administrator shall also request the Administrator of Veterans' Affairs to designate a representative to serve on the National Committee in an advisory capacity.

The Administrator shall also request the Home Loan Bank Board to designate a representative of the Board to serve on the National Committee in an advisory capacity.

In selecting and appointing the members of the National Committee, the Administrator shall have due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Members of the National Committee appointed by the Administrator shall serve on a voluntary basis.

REGIONAL SUBCOMMITTEES

SEC. 604. (a) As soon as practicable, the National Committee shall divide the United States into regions conforming generally to the Federal Reserve districts. The Administrator, after consultation with the other members of the National Committee, shall, for each such region, designate five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans as hereinafter set forth. In designating the members of each such regional subcommittee, the Administrator shall have due regard to fair representation thereon for small, medium, and large financing institutions and builders of residential properties and for different geographical areas within such regions. Members of each regional subcommittee shall serve on a voluntary basis.

(b) The Administrator is authorized and directed, upon the request of a regional subcommittee, to provide such subcommittee with a suitable office and meeting place and to furnish to the subcommittee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions hereinafter set forth. In complying with these requirements, the Administrator may act through and may utilize the services of the several Federal home-loan banks.

FUNCTION OF NATIONAL COMMITTEE AND OF REGIONAL SUBCOMMITTEES

SEC. 605. It shall be the function of the National Committee and the regional subcommittees to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles.

SEC. 606. The National Committee shall study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and shall receive reports from and correlate the activities of the regional subcommittees. It shall also periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the National Committee and regional subcommittees in performing their function, and shall to the extent practicable maintain liaison with State and local Government housing officials in order that they may be fully apprized of the function and work of the National Committee and regional subcommittees. The Administrator shall, not later than April 1 in each year, make a full report of the operations of the National Committee and the regional subcommittees to the Congress.

SEC. 607. (a) Each regional subcommittee shall study and review the demand and supply of funds for residential mortgage loans in its region, shall analyze cases of unsatisfied demand for mortgage credit, and shall report to the National Committee the results of its study and analysis. It shall also maintain liaison with officers of the Federal Housing Administration and of the Veterans' Administration within its region in order

that such officers may be fully apprized of the function and work of the National Committee and regional subcommittees. It shall request such officers to supply to the subcommittee information regarding cases of unsatisfied demand for mortgage credit for loans eligible for insurance under the National Housing Act, as amended, or for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended. Such officers are authorized to furnish such information to such subcommittee.

(b) A regional subcommittee shall render assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

(3) the applicant is eligible for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended, or consents that the mortgage to be issued as security for the loan be insured under the National Housing Act, as amended.

Upon receipt of such certification from an applicant the regional subcommittee shall circularize private financing institutions in the region or elsewhere and shall use its best efforts to enable the applicant to place the loan with a private financing institution. It shall render similar assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of information from the Veterans' Administration to the effect that the applicant has applied for a direct loan, if he is eligible for such a loan, and that he is eligible for insurance or guaranty, under the Servicemen's Readjustment Act of 1944, as amended. In order to encourage small or local private financing institutions to originate insured or guaranteed mortgage loans, it may also render similar assistance to private financing institutions in locating other private financing institutions willing to repurchase such mortgage loans on a mutually satisfactory basis.

(c) In the performance of its responsibilities under subsection (b) of this section, a regional subcommittee may at its discretion (1) request the National Committee to obtain for it the aid of other regional subcommittees in seeking sources of mortgage credit, and (2) request and obtain voluntary assurances from any one or more private financing institutions that they will make funds available for insured or guaranteed mortgage loans in any specified area or areas within its region in which the subcommittee finds that there is a lack of adequate credit facilities for such loans.

REGULATIONS OF ADMINISTRATOR

SEC. 608. The Administrator, after consultation with the National Committee, shall have power to issue general rules and procedures for the effective implementation of this title and for the functioning of the regional subcommittees, pursuant to the provisions hereof and not in conflict herewith.

GENERAL PROVISIONS

SEC. 609. No act pursuant to the provisions of this title and which occurs while this title is in effect shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. Service as a member of the National Committee or of any regional subcommittee is not to be construed as holding any office or employment with the Government of the United States. The Administrator is authorized and directed, upon the request of the National Committee, to provide such Committee with a suitable office and meeting place and to furnish to the Committee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions of such Committee. Funds available to the Administrator for administrative expenses shall be available for all expenses necessary in carrying out the provisions of this title, including expenses of persons serving as members of any committee or subcommittee established pursuant to this title for communications, transportation, and not to exceed \$25 per diem in lieu of subsistence when away from their homes or regular places of business in connection with the business of such committee or subcommittee.

SEC. 610. (a) This title and all authority conferred hereunder shall terminate at the close of June 30, 1957.

(b) Notwithstanding subsection (a), Congress, by concurrent resolution, may terminate this title prior to the termination date hereinabove provided for.

TITLE VII—URBAN PLANNING AND RESERVE OF
PLANNED PUBLIC WORKS

URBAN PLANNING

SEC. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning. Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$5,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

RESERVE OF PLANNED PUBLIC WORKS

SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain a continuing and adequate reserve of planned public works the construction of which can rapidly be commenced whenever the economic situation may make such action desirable, and (2) to attain maximum economy and efficiency in the planning and construction of local, State, and Federal public works, the Administrator is hereby authorized, during the period of three years commencing on July 1, 1954, to make advances to public agencies from funds available under this section (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications or other action preliminary to and in preparation for the construction of public works: Provided, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned.

(b) No advance shall be made hereunder with respect to any individual project unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: Provided, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency. All sums so repaid shall be covered into the Treasury as miscellaneous receipts.

(d) The Administrator is authorized to prescribe rules and regulations to carry out the purposes of this section.

(e) There is hereby authorized to be appropriated not exceeding \$10,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended: Provided, That not to exceed 1 per centum of the funds appropriated under this section may be used for the purpose of surveying the status and current volume of advanced public works planning among the several States and their subdivisions, such surveys to be carried out by the Administrator in cooperation with the Council of Economic Advisers in the Executive Office of the President. Not more than 5 per centum of the funds so appropriated shall be expended in any one State.

DEFINITIONS

SEC. 703. As used in this title, (1) the term "State" shall mean any State, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States; (2) the term "Administrator" shall mean the Housing and Home Finance Administrator; (3) the term "public works" shall include any public works other than housing; and (4) the term "public agency" or "public agencies" shall mean any State, as herein defined, or any public agency or political subdivision therein.

TITLE VIII—MISCELLANEOUS PROVISIONS

SEC. 801. (a) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for not more than a four-family residence and which is approved for mortgage insurance or guaranty prior to the beginning of construction, the seller or builder, and such other person as may be required by the said Commissioner or Administrator to become warrantor, shall deliver to the purchaser or owner of such property a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) on which the Federal Housing Commissioner or the Administrator of Veterans' Affairs based his valuation of the dwelling: Provided, That the Federal Housing Commissioner or the Administrator of Veterans' Affairs shall deliver to the builder, seller, or other warrantor his written approval (which shall be conclusive evidence of such approval) of any amendment of, or change or variation in, such plans and specifications which the Commissioner or the Administrator deems to be a substantial amendment thereof, or change or variation therein, and shall file a copy of such written approval with such plans and specifications: Provided further, That such warranty shall apply only with respect to such instances of substantial nonconformity to such approved plans and specifications (including any amendments thereof, or changes or variations therein, which have been approved in writing, as provided herein, by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) as to which the purchaser or homeowner has given written notice to the warrantor within one year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs: Provided further, That such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument: And provided further, That the provisions of this section shall apply to any such property covered by a mortgage insured or guaranteed by the Federal Housing Commissioner or the Administrator of Veterans' Affairs on and after October 1, 1954, unless such mortgage is insured or guaranteed pursuant to a commitment therefor made prior to October 1, 1954.

(b) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are further directed to permit copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided herein) for dwellings in connection with which warranties are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, homeowner, or warrantor during such hours or periods of time as the said Commissioner and Administrator may determine to be reasonable.

SEC. 802. (a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year.

(b) Section 311 of "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved

October 14, 1940, as amended; section 6 of "An Act to provide for the advance planning of non-Federal public works", approved October 13, 1949, as amended; and sections 5 and 402 (f) of the National Housing Act, as amended, are hereby repealed.

(c) The National Housing Act, as amended, is hereby amended—

(1) by striking the heading "ANNUAL REPORT" immediately after section 4 and inserting "TAXATION"; and

(2) by striking from subsection (e) of section 406 the word "Congress" and inserting "Housing and Home Finance Administrator".

(d) The first sentence of section 7 (b) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows: "The annual report of the Housing and Home Finance Administrator to the President for submission to the Congress on the operations of the Housing and Home Finance Agency shall include a report on the operations and expenses of the Authority, including loans, contributions, and grants made or contracted for, low-rent housing and slum clearance projects undertaken, and the assets and liabilities of the Authority."

(e) Section 106 (a) of the Housing Act of 1949, as amended, is hereby amended by striking "; and" at the end of paragraph (3) thereof, inserting a period in lieu thereof, and striking paragraph (4).

(f) The Federal Home Loan Bank Act, as amended, is hereby amended by striking the second sentence of section 20.

SEC. 803. Section 501 (b) of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended to read as follows:

"(b) Any loan made to a veteran for the purposes specified in subsection (a) of this section 501 may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 per centum of the loan: Provided, That the aggregate amount of any guaranties to a veteran under this title shall not exceed \$7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: And provided further, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this Act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved."

SEC. 804. Section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230) is amended as follows:

(1) Strike out from subsection (a) thereof the words "the President, through such officer or agency of the Government (other than the Reconstruction Finance Corporation) as he may designate," and insert in lieu thereof the words "the Housing and Home Finance Administrator".

(2) Strike out all of subsection (b) and insert in lieu thereof the following:

"(b) For the purposes of this section, notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized to obtain from a revolving fund to be established in the Treasury of the United States not to exceed a total of \$50,000,000 outstanding at any one time. For this purpose there is hereby authorized to be appropriated to such revolving fund in the Treasury the amount of \$50,000,000. Advances from the revolving fund shall be made to the Housing and Home Finance Administrator upon his request, and such advances together with

receipts under this section shall be available for all necessary expenses, including administrative expenses, under this section. The Housing and Home Finance Administrator shall pay into the Treasury as miscellaneous receipts, at the close of each fiscal year, interest on the amount of advances outstanding, at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities. As the Housing and Home Finance Administrator repays principal sums advanced from the revolving fund pursuant to this section, such repayments shall be made to the revolving fund."

(3) Strike out from subsection (c) thereof the words "officer or agency designated by the President" and insert in lieu thereof the words "Housing and Home Finance Administrator".

(4) Strike out from subsection (d) thereof "1955" and insert in lieu thereof "1956".

SEC. 805. The Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, is hereby amended—

(1) by adding the following at the end of section 605 (a):

"In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or in any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will expedite the disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, (2) the city or a local public agency has, in accordance with authority under State law, entered into a firm agreement to purchase the land so acquired at a price determined by the Administrator to be fair, but in no event less than the estimated cost to the Federal Government of acquiring the fee simple title (including an estimated amount to cover legal and overhead expenses of such acquisition) as determined by the Administrator, (3) the city or local public agency has furnished evidence satisfactory to the Administrator that it has or will have funds available to make all agreed-upon payments to the Federal Government and to protect the Federal Government against any loss resulting from the acquisition of fee simple title, (4) the city or local public agency has furnished assurances satisfactory to the Administrator that the land will be made available to private enterprise for development, in accordance with local zoning and other laws, for predominantly residential uses, and (5) the city or local public agency has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: Provided, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date.";

(2) by adding the following new subsection at the end of section 607:

“(g) The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said Act.”; and

(3) by adding the following new section at the end of title VI:

“SEC. 613. Upon a certification by the Secretary of the Interior that any surplus housing, classified by the Administrator as demountable, in the area of San Diego, California, is needed to provide dwelling accommodations for members of a tribe of Indians in Riverside County or San Diego County, California, the Administrator is hereby authorized, notwithstanding any other provision of law, to transfer and convey such housing without consideration to such tribe, the members thereof, or the Secretary of the Interior in trust therefor, as the Secretary may prescribe: Provided, That the term housing as used in this section shall not include land.”

SEC. 806. Subsection 302 (b) of Public Law 139, 82d Congress, as amended, is hereby amended by striking the second sentence thereof and adding the following:

“Any temporary housing constructed or acquired under this title which the Administrator determines to be no longer needed for use under this title shall, unless transferred to the Department of Defense pursuant to section 306 hereof, or reported as excess to the Administrator of the General Services Administration pursuant to the Federal Property and Administrative Services Act of 1949, as amended, be sold as soon as practicable to the highest responsible bidder after public advertising, except that if one or more of such bidders is a veteran purchasing a dwelling unit for his own occupancy the sale of such unit shall be made to the highest responsible bidder who is a veteran so purchasing: Provided, That the Housing and Home Finance Administrator may reject any bid for less than two-thirds of the appraised value as determined by him: Provided further, That the housing may be sold at fair value (as determined by the Housing and Home Finance Administrator to a public body for public use: And provided further, That the housing structures shall be sold for removal from the site, except that they may be sold for use on the site if the governing body of the locality has adopted a resolution approving use of such structures on the site.”

SEC. 807. Section 601 of the Housing Act of 1949 is hereby amended to read as follows:

“SEC. 601. The Housing and Home Finance Administrator and the head of each constituent agency of the Housing and Home Finance Agency is hereby authorized to establish such advisory committee or committees as each may deem necessary in carrying out any of his functions, powers, and duties under this or any other Act or authorization. Service as a member of any such committee shall not constitute any form of service, employment, or action within the provisions of sections 281, 283, 284, or 1914 of title 18, United States Code, or within the provisions of section 190 of the Revised Statutes (5 U. S. C. 99). Persons serving without compensation as members of any such committee may be paid

transportation expenses and not to exceed \$25 per diem in lieu of subsistence, as authorized by section 5 of the Act of August 2, 1946 (5 U. S. C. 73b-2)."

SEC. 808. (a) Section 202 of the Act entitled "An Act relating to the construction of school facilities in areas affected by Federal activities, and for other purposes", approved September 23, 1950, as amended, is hereby amended by adding the following new sentence at the end thereof: "In any case where such facilities are or have been damaged or destroyed by fire or other casualty after they have become eligible for such transfer but before such transfer has been completed, the head of the Federal department or agency may assign or pay to such local educational agency, solely for use in repairing or reconstructing such facilities, all or any part of any insurance receipts in connection with such casualty which are payable or have been paid in consideration of premiums which such local educational agency has advanced for the benefit of the United States."

(b) The third sentence of section 401 (a) of title IV of the Housing Act of 1950, as amended, is hereby amended by striking out the word "made" and inserting the words "is approved by the Administrator".

SEC. 809. Notwithstanding the provisions of any other law, (1) the Housing and Home Finance Administrator is authorized and directed to sell to the University of California, at fair market value as determined by him, all of the properties, including land, comprising war housing projects CAL-4041 and 4042 known as Canyon Crest Homes located in Riverside County, California; (2) the Public Housing Commissioner is authorized to permit the Housing Authority of the city of Columbia, South Carolina, to sell to the University of South Carolina, at fair market value as determined by him, all of the property, including land, comprising the seventy-four-unit housing project Numbered SC-2-5 known as University Terrace, located in Columbia, South Carolina, and to use, with the approval of the said Commissioner, the proceeds of such sale as a loan for the development of other low-rent housing in the city of Columbia, South Carolina, in replacement of said project Numbered SC-2-5, under terms and conditions which will be satisfactory to the Public Housing Commissioner and which will, in his opinion, protect the interest of the United States, and the annual contributions now contracted for in respect to project Numbered SC-2-5 shall continue to be available and may be contracted for in respect to such other low-rent housing; and (3) the Housing and Home Finance Administrator is authorized and directed to convey, without monetary consideration, to the Housing Authority of Saint Louis County, Missouri, all of the right, title, and interest of the United States in and to the one hundred and fifty-six housing units in public housing project Numbered MO-V-23153.

SEC. 810. Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN-6029, known as Westfield Heights, containing one hundred and thirty dwelling units on approximately twenty-three and nineteen one-hundredths acres of land in Wethersfield, Connecticut, and CONN-6125, known as Drum Hill Park, containing one hundred and twenty-five dwelling units on approximately fifty-two and thirty-three one-hundredths acres of land in Rocky Hill, Connecticut, to the housing authority of the town of Wethersfield, Connecticut, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and

conditions as the Administrator shall determine: Provided, That full payment to the United States shall be required within a period of not to exceed thirty years with interest on unpaid balance at not to exceed 5 per centum per annum.

SEC. 811. The Housing and Home Finance Agency, including its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing under this or any other law shall exercise such powers, functions, or duties in such manner as, consistent with the requirements thereof, will facilitate progress in the reduction of the vulnerability of congested urban areas to enemy attack.

SEC. 812. Title V of the Housing Act of 1949, as amended, is hereby amended as follows:

(a) At the end of the first sentence of section 511 strike "\$3,500,000" and insert "\$100,000,000".

(b) In section 512, strike "\$170,000" and insert "\$2,000,000".

(c) In section 513, strike "\$850,000" and insert "\$10,000,000".

SEC. 813. Section 504 of the Housing Act of 1950, as amended, is hereby repealed.

RECORDS

SEC. 814. Every contract between the Housing and Home Finance Agency (or any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, or the Housing Act of 1949, as amended, shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent thereof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

APPLICANTS FOR ASSISTANCE REQUIRED TO SUBMIT SPECIFICATIONS

SEC. 815. Every contract for a loan, grant, or contribution under the United States Housing Act of 1937, as amended, or title I of the Housing Act of 1949, as amended, for the construction of a project shall require the submission of specifications with respect to such construction prior to the authorization for the award of the construction contract and the submission of data with respect to the acquisition of land prior to the authorization to acquire such land.

AUDITS UNDER PUBLIC HOUSING ACT OF 1937; COMPTROLLER GENERAL

SEC. 816. Every contract for loans or annual contributions under the United States Housing Act of 1937, as amended, shall provide that the Public Housing Commissioner and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency entering into such contract that are pertinent to its operations with respect to financial assistance under the United States Housing Act of 1937, as amended.

REPORT TO CONGRESS OF INFORMATION ON HOUSING

SEC. 817. The annual report made by the Housing and Home Finance Administrator to the President for submission to the Congress on all operations provided for by section 802 hereof shall contain pertinent information with respect to all projects for which any loan, contribution, or grant has been made by the Housing and Home Finance Agency, including the amount of loans, contributions and grants contracted for, and shall also contain pertinent information with respect to all builders' cost certifications required by section 227 of the National Housing Act, as amended, including information as to the amounts paid by mortgagors to mortgagees for application to the reduction of the principal obligations of the mortgages pursuant to that section.

ACT CONTROLLING

SEC. 818. Insofar as the provisions of any other law are inconsistent with the provisions of this Act, the provisions of this Act shall be controlling.

SEPARABILITY

SEC. 819. Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances.

And the Senate agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
Managers on the Part of the House.
HOMER E. CAPEHART,
JOHN W. BRICKER,
WALLACE F. BENNETT,
BURNET R. MAYBANK,
A. WILLIS ROBERTSON,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

GENERAL STATEMENT

Shortly after passage of the House bill, information became available with respect to alleged serious irregularities and abuses that have occurred under FHA programs, particularly the title I small property improvement insurance program, and the financing of privately owned rental-housing projects insured under section 608 of the National Housing Act. As the Senate Banking and Currency Committee had not yet reported the proposed Housing Act of 1954, that committee took immediate cognizance of the allegations and made a preliminary investigation of these charges to ascertain what changes should be made in the Housing Act of 1954 to protect against the abuses which had been disclosed. Meanwhile the House Committee on Banking and Currency held a series of informal meetings with representatives of the Housing and Home Finance Agency, the FHA, and the Department of Justice to review the nature and extent of allegations made and to consider proposals made by the Agency to strengthen the National Housing Act to prevent reoccurrence of abuses. One of the purposes of these informal meetings was to acquaint the members of the House Banking and Currency Committee, some of whom would be members of the committee of conference, with facts which had been developed and corrective proposals which were being made in order that the House conferees would be in a better position to evaluate the many corrective provisions which were added to the House bill by the Senate amendment. Some of these changes resulted from proposals made by the Senate Banking and Currency Committee in reporting the bill and others resulted from amendments made to the bill while it was under consideration by the Senate.

The committee of conference throughout its extensive deliberations has carefully weighed the changes proposed by the Senate amendment to the House passed bill. Throughout the conference there was com-

plete agreement that while there was necessity for strengthening the housing laws to prevent the reoccurrence of past abuses, it was also imperative that the changes made not be of such a nature as to make our Federal housing laws unworkable or as seriously to impair the assistance which they should properly give to the encouragement and continuation of a high volume of housing production and housing improvements for our people.

FHA TITLE I INSURANCE OF HOME REPAIR AND IMPROVEMENT LOANS

The House bill provided that a home repair or improvement loan could be insured in an amount up to \$3,000 in place of the \$2,500 limitation in existing law, and provided for extension of maturity on such insured loans from the 3 years and 32 days limit of existing law to a maximum maturity of 5 years and 32 days. Under existing law FHA title I insurance may also be obtained on loans to finance the improvement or conversion of existing structures used or to be used as dwellings for two or more families. On such loans existing law limits the amount to \$10,000 and the maturity to 7 years and 32 days. The House bill provided that the amount of such a loan could be either \$10,000 or \$1,500 per family unit, whichever is greater, and increased the permissible maturity to 10 years and 32 days. The Senate amendment struck out the provisions in the House bill extending the maturities and increasing the amounts of title I insured loans, thus in effect retaining the limitations of existing law. The conference substitute likewise leaves these provisions of existing law unchanged.

The Senate amendment contained a number of provisions, which were not contained in the House bill, with respect to FHA title I insurance of home repair and improvement loans which are designed to prevent abuses that have occurred in this program. One of these provisions would place the lender in a position of coinsurer through limiting title I insurance coverage to reimbursement of only 80 percent of the loss on any individual loan. The conference substitute retains the principle of this provision but increases the FHA insurance coverage to 90 percent of the loss on any individual loan. The committee of conference is of the opinion that limiting the coverage of losses to 80 percent on any individual loan might prove too restrictive, particularly to small lenders. At the same time an insurance coverage limited to 90 percent would still retain a measure of self-interest on the part of the lender in each loan in an amount sufficient to induce more careful lending operations.

Other provisions added by the Senate amendment would (1) limit the granting of FHA title I insurance to supervised lenders approved by FHA, or to such other lenders as (on the basis of their credit and their experience and facilities to make and service this type of loan) FHA approved; (2) restrict items eligible for FHA title I insurance to those which substantially protect or improve basic livability or utility of the property; (3) write into law restrictive features of present FHA title I regulations with respect to dealer approval, maintenance of dealer file, 6-day waiting period prior to disbursement, and requirements with respect to completion certificates; (4) prevent use of FHA title I loans on new homes until completed and occupied for 6 months, and (5) prevent multiple FHA title I loans on the same structure with the aggregate balance in excess of the maximum statutory dollar limitation. The conference substitute retains these provisions of the

Senate amendment with the exception of the provision which would write into law restrictive features of present FHA title I regulations. The committee of conference was of the opinion that allowing such restrictive provisions to be covered by regulation rather than on a statutory basis was desirable from the standpoint of administration of the insurance program.

The conference substitute also allows a reasonable time—the first day after the first full calendar month following the date of approval of the Housing Act of 1954—for the preparation, issuance, and printing of FHA rules, regulations, forms, and instructions and their distribution to lenders operating under the title I program throughout the country.

SALES HOUSING

FHA insurance of 1-to-4-family sales housing is authorized by section 203 of the National Housing Act. Both the House bill and the Senate amendment provided changes in existing law with respect to maximum ratios of loans to values and maximum mortgage amounts. The House bill provided for a ratio of loan to value of 95 percent on the first \$10,000 of value plus 75 percent of the excess over \$8,000 (actually this \$8,000 figure should be \$10,000 but, through inadvertence, was not included in the amendment to these provisions adopted by the House). The Senate amendment provided for a ratio of loan to value of 95 percent of the first \$8,000 of value plus 75 percent of the balance in excess of \$8,000. Maximum mortgage amounts were also limited to \$20,000 in the case of a 1- or 2-family dwelling, \$27,500 in the case of a 3-family dwelling and \$35,000 in the case of a 4-family dwelling under the provisions of the House bill; the Senate amendment placed these limitations at \$18,000, \$24,000, and \$30,000, respectively. The House bill made the new ratios of loans to values applicable to both new and existing dwellings. The Senate amendment limited the previously mentioned loan to value ratio provision to only new construction, and on existing construction retained the existing maximum mortgage ratio of 80 percent of value. The House bill provided a maximum maturity of 30 years on mortgages of 1-to-4-family homes and made such maturity applicable to both existing and new homes. The Senate amendment provided a maximum maturity on mortgages for new homes of 30 years, and required that on existing homes the mortgage maturity be reduced from 30 years by 1 year for each of the first 10 years of age, so that an existing dwelling which was built 10 or more years ago could not be mortgaged for a term exceeding 20 years.

With respect to new housing the conference substitute provides for a ratio of loan to value of 95 percent of the first \$9,000 of value and 75 percent of the excess over \$9,000, and authorizes the President to increase the \$9,000 amount up to not to exceed \$10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest. The maximum dollar mortgage limitations are the same as those provided in the House bill.

With respect to existing housing the conference substitute provides for a loan to value ratio of 90 percent of the first \$9,000 of value plus 75 percent of the balance in excess of \$9,000. It likewise pro-

vides for Presidential authority to increase the \$9,000 figure to \$10,000, and the dollar mortgage maxima are the same as those applicable to new housing.

With respect to mortgage maturities the conference substitute provides a maximum maturity of 30 years or three-quarters of the FHA Commissioner's estimate of the remaining life of the building improvements, whichever is the lesser. The committee of conference has been informed that FHA presently requires that the mortgage maturity not exceed three-quarters of the remaining economic life of the house whether new or old. In writing this limitation into the statute the committee of conference desires to place this safeguard in the law to make it clear that houses, especially old houses, are not to be financed for a term which would increase the Government's risk as insurer of the mortgage.

Although in most cases "mortgaging out" is not applicable to sales housing, it is a possibility under certain circumstances where the builder of sales housing might actually become the mortgagor of the property. This could happen only when the builder, having built the homes, was unable immediately to dispose of them and had to close out the mortgage in his own name, thus becoming the mortgagor. In order to provide an effective statutory safeguard in such cases the conference substitute contains a provision limiting the maximum loan to value ratio where the builder becomes the mortgagor to not to exceed 85 percent of the mortgage loan which an owner-occupant could obtain. It is the further understanding of the committee of conference that in such cases where a builder is constructing FHA sales housing and becomes the mortgagor because of inability to sell his houses the FHA limits such builder in further participation under its programs. The committee of conference desires that this procedure be continued not only to assure that sales housing is constructed for sales purposes, but also as an effective method to prevent misuse of the FHA insurance system.

FHA APPRAISALS OF LONG-TERM ECONOMIC VALUE

Historically, the fundamental soundness of the whole concept of the FHA home mortgage insurance system has rested on the integrity of its appraisal system as a measurement of the long-term economic value of a given residential property to be underwritten with an insured mortgage loan. Basically, the FHA's appraisal system, as well as many of its other principal procedures (such as its property location standards, its minimum construction requirements, and its inspection system), are obviously essential to the proper underwriting of mortgage loan risks, and therefore operate primarily for the protection of the Government and its insurance funds. Nevertheless, the Congress has consistently recognized—and intended—that, notwithstanding the fact that, technically there is no legal relationship between the FHA and the individual mortgagor, these FHA procedures also operate for the benefit and protection of the individual home buyer. However, there has apparently been a strong tendency on the part of the FHA to view these procedures as operating *exclusively* for the protection of the Government and its insurance funds. The Committee of Conference does not believe such a view to be consistent with the intent of the Congress in respect of the basic legisla-

ion relating to the FHA in the past, and, as to the future, desire to make it abundantly clear that such is not the case.

In this connection, the committee of conference calls attention to two specific provisions included in the conference substitute which clearly indicate the intent of the Congress that the protections of the FHA system shall also inure to the benefit of the individual home buyers. One is the provision which requires that the builder or seller of a new home built with the assistance of an FHA-insured or VA-guaranteed mortgage must deliver to the purchaser a warranty that the home is constructed in substantial conformity with the plans and specifications (including any amendments thereof which have been approved in writing) on which the FHA or VA valuation of such home was based. The other is the provision which requires that the seller or builder or such other person as may be designated by the FHA Commissioner shall agree to deliver, prior to the execution of a contract for the sale of the property, to the purchaser a written statement setting forth the amount of the FHA's appraised value of the property.

The committee of conference desires to point out the importance it attaches to the latter provision, especially at this particular time, in protecting the individual home buyers. Generally speaking, an appraisal of the long-term economic value of a particular residential property represents the informed judgment of a professional technician as to the dollar amount which a well-informed purchaser, acting without duress or compulsion, would be warranted in paying for such property for long-term use or investment. To a large extent, this is determined by the price at which other properties, which are comparable as to location, type of construction, size, and other amenities, are being freely sold in the open market. But, irrespective of market price, the upper limit for such an appraisal would always be the estimated reproduction cost of the property. Thus, appraisal of the long-term economic value as the basis for insurance of home mortgage loans by the FHA can have two important effects in terms of consumer protection.

First, by providing the new and more liberal mortgage insurance terms contained in the conference substitute, the Congress is seeking to benefit the individual families seeking to buy homes. The committee of conference desires to assure that these terms would not have an inflationary effect upon the going market prices for homes which might be reflected in upward pressure on prices which, in turn, might be reflected in FHA valuations. An appraisal system, such as FHA's, based on long-term economic value would preclude valuations in excess of carefully estimated replacement costs *as an upper limit* in respect to new homes, and in excess of replacement cost, less deterioration, in respect to existing homes. Therefore, any temporary cost or price rise, attributable to the new and more liberal mortgage insurance provisions contained in the conference substitute or otherwise, should not be reflected in FHA valuations to the detriment of individual home buyers.

Second, in those cases where a reasonable and careful estimate of the costs required to reproduce a fully comparable residential property may, for one reason or another, be less than the current market price for such properties, the individual consumer would obtain the benefit thereof since the FHA's appraisal of the property at such lower figure

would be available to him and the maximum approvable FHA loan would be based on the lower of the two figures.

LOW COST SUBURBAN HOUSING

Under title I, section 8, of the National Housing Act, provision is made for FHA insurance of mortgages on low-cost housing located in suburban and outlying areas. The House bill contemplated the integration of this FHA insuring operation into the FHA section 203 program and the House report made clear that in integrating the programs, underwriting procedures should be adopted to continue FHA section 8 type of insurance. The Senate amendment provides statutory authority for continuance of the section 8 program through adding a new subsection (i) to section 203 of the National Housing Act. The Senate provision also provided for an increase in the maximum mortgage amount from the \$5,700 of existing law to \$6,650 for an owner-occupant mortgagor and from the \$5,100 of existing law to \$5,950 for a builder-mortgagor. The new mortgage limits represent 95 percent and 85 percent respectively, of a home costing \$7,000. The Senate amendment further provided that this section 8 type of insurance could be made available to an owner-occupant mortgagor regardless of his credit standing, provided a person or corporation with a credit standing satisfactory to the FHA guaranteed payment of the insured mortgage. In such cases, the guarantor might also loan the owner-occupant mortgagor part or all of the required down-payment on a note maturing after the last maturity date of principal due on the insured mortgage. The Senate amendment also made this section 8 type of insurance available on a farm home on a plot of 5 or more acres adjacent to a public highway with maximum insurance authorization for such loans limited to \$100,000,000 outstanding at any one time. The conference substitute retains these provisions of the Senate amendment.

It is the intention of the committee of conference that this special mortgage insurance for new low-cost housing be made available in rural and small suburban or outlying communities where the suspension of the regular FHA property location requirements (as distinguished from minimum construction standards) is not likely to be detrimental to the long-term value of the housing or the general standards of the community. It is not intended that this special mortgage insurance be used to assist the financing of housing in areas which, with the proposed new construction, will constitute built-up urban communities. In such areas, the regular mortgage insurance under section 203 is available for low-cost housing meeting the usual FHA construction and location standards.

TERMS OF FHA INSURANCE FUND DEBENTURES

The House bill contained a provision which would amend section 204 (d) of the National Housing Act so as to fix the term of debentures to be issued under sections 203 and 213 of the act at 10 years. The Senate amendment contained a provision further amending section 204 of the act so that any debentures issued under the act (other than debentures issued under sec. 221 (g) (3)) could be replaced under certain conditions with refunding debentures maturing within a

further 10-year period, thus in effect permitting the FHA Commissioner to impose a 10-year extension on debenture maturities. The conference substitute places a straight 20-year maturity on all FHA debentures issued under the act other than debentures issued under section 221 (g) (3). However, the change in debenture term does not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

The Senate amendment contained a provision which was not included in the House bill under which the interest rate on FHA debentures, relating to mortgages hereafter insured, would be set at the rate in effect at the time of insurance as established by the FHA Commissioner with the approval of the Secretary of the Treasury. Such rate could not exceed the rate determined by the Secretary of the Treasury by estimating average yield to maturity on comparable marketable obligations of the United States. The conference substitute contains this provision of the Senate amendment.

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

Both the House bill and the Senate amendment provided for the addition of two new FHA insurance programs through the addition of new sections 220 and 221 to the National Housing Act. The new section 220 insuring authority would provide a mortgage insurance program to assist in the rehabilitation of existing dwellings and the construction of new dwellings in urban renewal areas. The new section 221 insuring authority would provide a mortgage insurance program to cover suitable housing for the relocation of people displaced as a result of governmental action in a community which has a workable program for dealing effectively with slums and blight, including the prevention of the development and spread of slums and blight as well as the elimination thereof.

FHA section 220 insurance

With respect to the new section 220 insurance program the House bill provided that before it could become operative in a community the FHA Commissioner would have to determine that there exists a redevelopment or urban renewal plan applicable to the area in which the mortgaged property is to be located and he would have to determine that necessary legal and financial authority existed to carry out such plan. The Senate amendment provided that the insuring provisions could become operative upon the Housing and Home Finance Administrator certifying to the FHA Commissioner that he had made the findings required under the slum clearance and urban renewal program. Under the slum-clearance and urban renewal program the Housing and Home Finance Administrator is required to find (1) that the governing body of the locality has approved a redevelopment or renewal plan, (2) that such plan conforms to the general plan for the development of the locality as a whole, and (3) that necessary legal authority and financial capacity exists to carry out such plan. The Senate provision avoids unnecessary duplication of functions between the Housing and Home Finance Administrator and the Federal Housing Commissioner with reference to making FHA section 220

insurance available in the community. The conference substitute contains this provision of the Senate amendment.

In both the House bill and the Senate amendment the mortgage limitations with respect to insurance for other than large-scale rental projects were consistent with the mortgage limitations which the House and Senate had imposed on insurance provided under the 1- to 4-family housing sales programs covered by section 203 of the act. As will be noted under the previous discussion of the provisions of the conference substitute with respect to sales housing, the conference substitute represents a compromise between the provisions of the House bill and the Senate amendment and accordingly the mortgage limitations for section 220 insurance on other than large-scale rental projects were modified by the committee of conference to make them consistent with the section previously agreed upon with respect to section 203 mortgage limitations.

With respect to large-scale rental projects insured under section 220, the only difference (other than technical corrections) between the provisions of the House bill and the Senate amendment was that the Senate amendment added an escalator clause to the stated mortgage limitations so that the FHA Commissioner might by regulation increase the mortgage limitations by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require. The conference substitute retains this provision of the Senate amendment.

FHA section 221 insurance

With respect to the new FHA section 221 insurance program the differences between the House bill and the Senate amendment are summarized in the following paragraphs.

Under the House bill provision was made that the number of units covered by the new FHA section 221 insurance could not exceed the number which the FHA Commissioner determines to be needed in a particular community for the relocation of families being displaced by governmental action. The Senate amendment provided that the Housing and Home Finance Administrator would determine the number of section 221 units needed and so certify to the FHA Commissioner. Since the Housing and Home Finance Administrator must determine relocation needs in connection with the slum clearance and urban renewal operation, the procedure provided by the Senate amendment would avoid duplication of the same work by the FHA Commissioner. The conference substitute contains this provision of the Senate amendment.

The House bill provided that the new FHA section 221 insurance could be made available in a community presently undertaking a slum clearance and urban redevelopment project without the community having to meet the new workable program requirement. The Senate amendment with respect to this provision made it clear that the FHA section 221 insurance to be made available in communities which presently have slum clearance projects would only be available for families displaced during the period that the project was being carried out and thereafter the community would have to meet the workable program requirement in order to have additional section 221 units in the community. The Senate amendment also contained a provision to make clear that the Housing and Home Finance Administrator does not have to certify dwelling units for section 221 insurance during any

period when the locality fails to carry out the workable program upon which it had agreed. The conference substitute retains both of these provisions of the Senate amendment.

With respect to sales housing under the new FHA section 221 insurance program, the House bill provided that the mortgage could amount to 100 percent of the appraised value of a new or existing home provided that the owner and occupant of the property at the time of insurance made at least a \$200 payment to cover settlement costs and miscellaneous charges. Under the Senate amendment mortgage limitations under the section 221 insurance program were set at not to exceed 95 percent of the appraised value on new homes and 90 percent on existing homes. The conference substitute retains these provisions of the Senate amendment with respect to mortgage limitations.

Under the provisions of the House bill a private nonprofit corporation providing rental accommodations for 10 or more families eligible for occupancy could obtain FHA section 221 insurance for the rehabilitation of existing homes up to 100 percent of the Commissioner's estimate of the value of the property or project when repaired or rehabilitated. Under a provision of the Senate amendment a private nonprofit corporation providing rental accommodations for 10 or more families could obtain only a 95-percent section 221 loan insurance coverage but the mortgage could cover the construction of new accommodations as well as cover the repair or rehabilitation of existing accommodations. The conference substitute retains these provisions of the Senate amendment.

Under the House bill, maximum maturities were set at 40 years for all section 221 mortgages. The Senate amendment prescribed 30 years for these maturities. The conference substitute prescribes 30 years or three-quarters of the Federal Housing Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser.

MORTGAGE INSURANCE FOR SERVICEMEN

The conference substitute retains the new section 222 of the National Housing Act, which was added by the Senate amendment. The House bill contained no comparable provision. Section 222 of the National Housing Act would establish a new FHA mortgage insurance program for housing for servicemen in the Armed Forces of the United States and their families. This program would assist in the provision of housing for members of the active Military Establishment, who are usually not eligible for the home-loan benefits of the Servicemen's Readjustment Act of 1944 because they have not become veterans. The latter act deals, of course, with the readjustment of veterans to civilian life, and is not intended to assist in providing housing for servicemen while they remain in service.

Before a serviceman would be entitled to the benefits of the new program, the Secretary of Defense (or his designee) would have to issue to him a certificate indicating that the serviceman requires housing, that he is serving on active duty in the Armed Forces of the United States, and that he has served on active duty for more than 2 years. The serviceman would be required either to occupy the property or to certify that his failure to do so is the result of his mili-

tary assignment. A certificate would not be issued by the Secretary to any person ordered to active duty for training purposes only. The Secretary could issue a new certificate to a serviceman who has already had the benefits of mortgage-insurance assistance under this section only if in his judgment the additional certificate is justified.

The Senate amendment provided that a serviceman who has had the benefits of mortgage insurance assistance under this section would not be eligible for home-loan benefits under the Servicemen's Readjustment Act of 1944, and that no person who has used his entitlement for home-loan benefits under that act would be eligible for the benefits of this section. The conference substitute removes these limitations, thereby permitting an individual to avail himself of both types of benefits if he is appropriately qualified.

The mortgages insured under the new section 222 would be subject to the same limits on amounts as mortgages insured under the regular section 203 sales housing program, with certain exceptions designed to provide more liberal treatment for servicemen. The Senate amendment provided that, in the discretion of the Federal Housing Commissioner, the maximum ratio of loan to value under section 222 could exceed the maximum prescribed in section 203, up to 95 percent of the appraised value of the property, and that the maximum dollar mortgage amount could be \$14,250 (that is, 95 percent of \$15,000). The conference substitute increases the maximum dollar mortgage amount to \$17,100 (that is, 95 percent of \$18,000).

Premiums on the insurance would not be payable by the mortgagee while the serviceman owns the home, but would be paid yearly by the Secretary of Defense from appropriations for the pay and allowances of persons eligible for mortgage insurance under this section. The Secretary of Defense (or such person as may be designated by him) would certify to the Federal Housing Commissioner the termination of ownership of such home by a serviceman, and future premiums would be payable in the same manner as in the case of other mortgage insurance.

Payment of insurance to the mortgagee in event of default on these mortgages would be made in accordance with the same provisions as those which govern the payment of insurance on section 203 mortgages, except that such payments would be from a separate servicemen's mortgage insurance fund established for the purposes of section 222. The Senate amendment authorized an appropriation of \$1,000,000 for such fund; the conference substitute changes this provision so as to provide for the transfer of \$1,000,000 from the war housing insurance fund instead of a direct appropriation.

The benefits of this section would apply to servicemen in the United States Coast Guard and their families, except that the Secretary of the Treasury would perform the functions otherwise given to the Secretary of Defense.

SALE OF GOVERNMENT-OWNED HOUSING

Both the House bill and the Senate amendment contain provisions permitting 90-percent FHA-insured mortgages to finance the sale of government-owned housing. However, the Senate amendment contained a provision which would permit a 95-percent insured mortgage to finance the sale of such housing if the mortgagor was a veteran

cooperative. The conference substitute retains this provision of the Senate amendment.

It was called to the attention of the committee of conference that in some instances the FHA after acquiring a property through operation of its mortgage insuring programs, had resold the property and taken back a purchase money mortgage at a rate of interest under the rate that currently existed on insured mortgages covering similar property. While this practice undoubtedly permits the FHA to obtain a higher price for the property sold than would otherwise be the case thus limiting losses or even allowing it to move into a profit position on its liquidation operations, at the same time it leaves FHA with a long-term mortgage which, if sold, could only be sold at a loss due to the unrealistic interest rate. The committee of conference is of the opinion that in any such transactions in the future, the FHA should not take back purchase money mortgages in connection with the sale of acquired properties unless the interest rate on such purchase money mortgage is comparable to the current interest rates on insured mortgages on properties of similar types. The committee of conference is further of the opinion that in cases where the Housing and Home Finance Administrator disposes of property under his control and accepts a purchase money mortgage as part of the payment such a mortgage should carry an interest rate not less than the current interest rate applicable to FHA-insured mortgages on similar properties.

OPEN-END MORTGAGES

Both the House bill and the Senate amendment contained provisions permitting FHA insurance of advances pursuant to an "open end" provision in an FHA-insured mortgage. The Senate amendment, however, contained a provision which was not contained in the House bill which would limit such open-end advances to improvements and repairs which substantially protect or improve basic livability or utility of the property and to an amount which when added to the unpaid amount of the mortgage would not make the unpaid balance exceed the amount of the original mortgage. The conference substitute retains the Senate provisions with an amendment which would permit the amount of the advance when added to the unpaid amount of the mortgage to exceed the original principal obligation of the mortgage if the mortgagor certifies that the proceeds of the advance are to be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling.

The Senate amendment contained a provision making the maximum veterans' home-loan guaranty entitlement of \$7,500 applicable to loans for repairs, alterations, and improvements (if they would substantially protect or improve the basic livability or utility of the property involved) as well as to loans for the purchase and construction of residential property. Under existing law (the so-called "veterans' open-end mortgage" provision) a veteran who has used his guaranty entitlement in acquiring a home can have additional entitlement for repair loans only if he has used less than \$4,000 of his entitlement in acquiring the home. The House bill contained no corresponding provision, although in its original form it had included a similar provision which was eliminated when title II of the reported bill (relating primarily to mortgage interest rates and terms) was stricken out on

the floor of the House. The conference substitute contains the provision added by the Senate amendment.

FHA APPRAISAL AVAILABLE TO HOME BUYERS

The Senate amendment contained a provision which was not included in the House bill which would direct the FHA Commissioner to require the seller or builder of a 1- or 2-family residence to make available to the purchaser of a new home, prior to sale, a written statement setting forth the amount of the appraised value of the property as determined by the FHA. The conference substitute retains this provision of the Senate amendment but broadens it to include existing housing as well as new homes and to include also 1- and 2-family sales housing under the new servicemen's insurance program (sec. 222 of the National Housing Act), 1- and 2-family sales housing under the cooperative housing section (213) of the National Housing Act, and individual sale type defense housing (sec. 903 of the National Housing Act). The provision is not applicable in cases where a mortgage was insured or a commitment for insurance was issued prior to the effective date of the Housing Act of 1954.

BUILDER'S COST CERTIFICATION

As noted in the opening paragraphs of this statement of managers, shortly after passage of the House bill disclosures were made of widespread "mortgaging out" operations under the former FHA 608 rental housing insurance program. The term "mortgaging out" means that the mortgagor was able to obtain a mortgage in an amount sufficient to equal or exceed the actual cost of the project including a normal allowance for builder's profit. The Congress had recognized the possibility of such an operation as the 608 program developed and in increasing the title VI authorization in Public Law 394, 80th Congress, 1st session, approved December 27, 1947, provided that "Title VI of the National Housing Act, as amended, be employed to assist in maintaining a high volume of new residential construction without supporting unnecessary or artificial costs. In estimating necessary current cost for the purposes of said title, the FHA Commissioner shall therefore use every feasible means to assure that such estimates will approximate as closely as possible the actual cost of efficient building operations." Subsequently, continued rumors of "mortgaging out" operations led the Congress to impose builder's cost certification provisions in the military housing insurance program (sec. 803) and in the rental housing section of the defense housing program (sec. 908). Following the disclosures of widespread "mortgaging out" operations under section 608, the Senate amendment included a provision, which was not contained in the House bill, which would require a builder's cost certification with respect to all FHA mortgage insurance for new or rehabilitated multifamily and rental housing. This provision would require the builder to certify that the approved percentage of the actual cost (i. e., 80 percent under sec. 207, 90 percent or 95 percent under sec. 213, 90 percent under sec. 220, etc.) equaled or exceeded the proceeds of the mortgage loan or the amount by which the proceeds exceeded such approved

percentage and to apply the amount of such excess to the reduction of the mortgage loan. In the computation of actual cost, the land value considered may not exceed the Commissioner's estimate of the fair market value of the land in the project prior to the construction of the improvements. There would be excluded from the computation of actual costs amounts representing any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements. The conference substitute while essentially retaining this provision of the Senate amendment, makes clear that a reasonable allowance for builder's profit may be included as part of the "actual cost" of a project in the case where the builder is also the mortgagor and desires to leave his profit in the corporation as equity.

NEW FHA POSITIONS

The Senate amendment contained a provision, which was not included in the House bill, which would authorize the establishment in FHA of 18 positions at grade GS-16 without regard to the civil-service laws, in lieu of positions previously allocated in FHA under section 505 of the Classification Act. The committee of conference was of the opinion that allocation of all these positions at grade GS-16 would unnecessarily disrupt FHA administrative organization. Accordingly the conference substitute authorizes the FHA to establish 1 position in grade GS-18, 4 positions in grade GS-17, and 8 positions in grade GS-16, which would be subject to the civil-service laws. Thus the positions would not be taken completely out from under the provisions of the civil-service laws but would follow normal statutory procedures which permit such positions to be classified as schedule C. This is consistent with the practice being followed by the Congress in establishing new positions in other agencies at these grades.

ADDITIONAL FHA PROVISIONS

The House bill contained a provision terminating the yield insurance program under title VII of the National Housing Act. The Senate amendment contained no comparable provision. The conference substitute retains the FHA title VII program.

Under existing law authority of the FHA to insure mortgages in connection with the defense housing program under title IX would expire August 1, 1954, except as to commitments issued prior to such date on loans to refinance existing insured loans. Under the House bill this authority would not be continued but the authority to insure as to commitments issued prior thereto was continued.

The Senate amendment gave the President standby authority to use title IX FHA mortgage insurance authority and the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951 for Federal aid in the provision of defense housing and community facilities and services in critical defense housing areas. The President under the Senate provision could designate periods after June 30, 1954, when either of these two programs could be used or he could designate a specific project or projects to be assisted by either of the two programs.

In addition the Housing and Home Finance Administrator would be authorized to enter into amendatory agreements after June 30,

1954, to provide additional Federal assistance with respect to defense community facilities undertaken on or before such date where he finds it necessary to do so to assure the completion of such facilities. Such amendatory agreements could not involve the expenditure of Federal funds in excess of those available on or before June 30, 1954.

The conference substitute conforms to the Senate amendment, but limits the President's standby authority to the period ending July 1, 1955.

The Senate amendment contained a provision requiring that each dwelling covered by a mortgage hereafter insured under section 903 of the National Housing Act be held for rental for at least 4 years. The House bill contained no comparable provision. The conference substitute conforms to the Senate amendment but reduces the period to 3 years.

The Senate amendment added a new section to the National Housing Act to authorize the Federal Housing Commissioner to refuse the benefits (either directly or indirectly) of participation in FHA insurance programs to persons or firms who knowingly and willfully violate the National Housing Act or the loan guaranty title of the Servicemen's Readjustment Act of 1944 or the regulations promulgated under either of those acts. Such benefits could also be refused if the Commissioner determines that there has been a violation of Federal or State penal statutes in connection with programs under either of the two acts or that there has been material failure to carry out contractual obligations with respect to the completion of construction or repairs financed with assistance under either of the two acts. Persons or firms proposed to be denied such benefits would be afforded an opportunity for hearing and to be represented by counsel. These provisions would be applied not only to insured lenders and borrowers, but to builders, contractors, dealers, salesmen, or agents for a builder, contractor, or dealer. The House bill contains no comparable provision. The conference substitute retains the Senate provision with amendments making it clear that it applies to all the insurance titles of the act and with clarifying changes.

The Senate amendment contained a provision making it a criminal offense to misuse "FHA" in advertising or firm or business names. The House bill contained no comparable provision. The conference substitute conforms to the Senate amendment on this point and also modifies section 709 of title 18 of the United States Code, which contains this provision, so as to prohibit similar misuse of the words "Housing and Home Finance Agency," "Federal Housing Administration," and "Federal National Mortgage Association."

Section 709 also prohibits the false advertisement or representation that any project, business, or product has been in any way endorsed, authorized, or approved by the agencies named above or the Government of the United States or any agency thereof. The conference agreement applies this prohibition to any false advertisement or representation that any housing unit, project, business, or product has been in any way endorsed, authorized, inspected, appraised, or approved, as above provided.

PROHIBITION AGAINST USE OF FHA-INSURED HOUSING FOR TRANSIENT OR HOTEL PURPOSES

The House report accompanying the House bill clearly expressed the intent of the House Banking and Currency Committee that FHA-insured rental properties were never intended to be used to provide hotel accommodations and directed the FHA to take all appropriate action possible to prevent such use of FHA-insured rental projects. The Senate amendment includes specific provisions relating to this problem. These provisions (1) declare that it has been the intention of Congress since enactment of the National Housing Act that housing covered by mortgage insurance is not to be used for hotel or transient purposes while insurance remains outstanding; (2) prohibit any new, existing, or rehabilitated multifamily housing from being rented for a period of less than 30 days, or operated in a manner as to offer hotel services, while such housing has mortgage insurance; (3) prohibit future mortgage insurance on multifamily housing unless mortgagor certifies under oath that as long as insurance is outstanding no part of the housing will be rented for a period of less than 30 days, and no hotel services will be offered; (4) direct the FHA Commissioner to enforce restrictions on hotel use of such properties whether insurance was issued prior or after the enactment of the Housing Act of 1954 but provides that criminal penalties shall not be retroactive; and (5) require the FHA Commissioner to investigate in 15 days any written complaint that a building is being rented or operated in violation of any provision of the National Housing Act or regulation thereunder and, if a violation is found, to order it to cease. If the alleged violation did not cease, the FHA Commissioner would be required to refer the case to the Department of Justice in 15 days for criminal prosecution. Also, in that time, the Commissioner would be required to start injunction proceedings in Federal district court. If the FHA Commissioner did not start such action in that time, any individual could bring the action in the name of the United States. The district courts of the United States would be given jurisdiction over such cases.

The conference substitute follows the Senate provisions, modified as follows:

1. Provides that multifamily housing shall not be used for transient or hotel purposes unless (a) by May 28, 1954, the FHA Commissioner had agreed in writing to rental of specified number of units for such purposes, or (b) the FHA Commissioner finds that the project is in a resort area and that prior to May 28, 1954, a specified number of the accommodations were used for transient or hotel purposes.

2. No multifamily mortgage to be insured by FHA hereafter, except under outstanding commitment, and no mortgage to be insured for an additional term, unless (a) mortgagor certifies under oath the property will not be used while insurance remains outstanding for transient or hotel purposes, and (b) the FHA Commissioner has contracted with or bought stock of mortgagor needed to enforce compliance while mortgage insurance remains in effect.

3. (a) The FHA Commissioner must define "transient or hotel purposes," but rental for less than 30 days shall in any event constitute rental for such purposes.

(b) "Multifamily housing" is defined to include property held by a mortgagor on which 5 or more single-family dwellings are located,

or a 2-, 3-, or 4-family dwelling is located, or rental type housing insured under sections 207, 213, 220, 221, 608, title VII, 803, and 908.

4. On written complaint, the FHA Commissioner must investigate and order violation, if found to exist, to cease. If such violation does not cease, the FHA Commissioner must send complaint to Attorney General for appropriate civil or criminal action.

5. A hotel owner, or operator, or association, within 50-mile radius of place of violation, at their own expense may apply for injunctive relief against violation upon showing cause for the issuance of such injunction.

SLUM CLEARANCE AND URBAN RENEWAL

The Senate amendment added to the House bill a provision prohibiting the delegation or transfer, to any official except a person serving as Acting Administrator, of certain final authorities vested in the Housing Administrator in connection with the slum clearance and urban renewal program. Under this provision, the Administrator could not delegate or transfer his authority (1) to determine whether the workable program provided for under section 101 (c) of the Housing Act of 1949 (compliance with which is a condition precedent to slum clearance and urban renewal assistance and to FHA assistance under sec. 220 or sec. 221 of the National Housing Act) meets the requirements of such section; (2) to make the certification that Federal assistance of the types enumerated in such section 101 (c) may be made available in a community; (3) to make the certifications with respect to the maximum number of dwelling units needed for the relocation of families who are to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under the section 221 program; or (4) to determine whether the relocation program (which by law must be submitted to the local public agency) for the rehousing of families to be displaced by a slum clearance and urban renewal project meets the requirements of section 105 (c) of the Housing Act of 1949. The conference substitute includes the provision added by the Senate amendment.

The Senate amendment added to the House bill a provision that no contract may be made for advances of funds to local public agencies for surveys and plans for urban renewal projects unless the governing body of the locality involved has approved (by resolution or ordinance) the undertaking of the surveys and plans and the submission by the local public agency of an application for the advance of funds, thus assuring that the approval of the local governing body of the locality concerned will be obtained before any financial assistance contracts are executed. A related provision in the House bill required the governing body of the locality concerned to make the determination that an urban renewal area is blighted or deteriorated, and to designate such area as appropriate for an urban renewal project, before any contract could be made for advances of funds to the local public agency for surveys and plans in preparation of the project. The Senate amendment deleted this provision in the House bill (and substituted the provision described above) on the ground that, as a practical matter, the governing body of the locality would not have the

necessary data to support such a determination until after the survey and planning stage, and on the further ground that any redevelopment plan in connection with a project must be approved by the governing body of the locality before any moneys could be disbursed under a loan and grant contract. The conference substitute follows the Senate provision.

The House bill contained a provision which would have had the effect of permitting grants for urban renewal projects to be paid in connection with projects consisting of open land which is arresting the sound growth of a community, even though the land is not being redeveloped for predominantly residential purposes. The Senate amendment deleted this provision of the House bill, thereby in effect continuing the requirements of existing law. (Under existing law, capital grants may not be paid in connection with any open land project, and an open land project is not eligible even for loan assistance unless it is to be developed for predominantly residential use and is necessary to the effective carrying out of a local slum-clearance program already undertaken or specifically contemplated.) The conference substitute retains the Senate provision.

The House bill provided that mortgagees and others who acquire property in an urban renewal area as a result of foreclosure need not comply with the obligation imposed upon other purchasers (1) to begin construction of improvements within a specified time, and (2) to comply with such other conditions as the Housing Administrator finds (prior to the execution of the contract for loan or capital grant) are necessary to carry out the purposes of the urban renewal project. The Senate amendment eliminated the exemption granted by the House bill from the second of these two obligations, thus permitting the Administrator to make appropriate conditions applicable to those who acquire property as a result of foreclosure as well as to other purchasers. The conference substitute retains the Senate provision.

The House bill changed the requirements established for a project in existing law and substituted provisions establishing as the general criteria of eligibility for an urban renewal project the achievement of "sound community objectives for the establishment and preservation of well-planned residential neighborhoods." Under existing law loans and capital grants may be made available for clearing a slum or blighted residential area, whether it is to be redeveloped for residential use or for commercial or industrial use or for a combination of such uses; but if the area is not already predominantly residential in character, such financial assistance may be made available only if it is to be redeveloped for predominantly residential uses. The Senate amendment deleted the House provisions and reinstated existing law by prohibiting loans and capital grants for projects involving slum clearance and redevelopment of areas not clearly predominantly residential in character unless such redevelopment is for predominantly residential uses; except that if an area contains a substantial number of slums, or blighted, deteriorated, or deteriorating dwellings, or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality, and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such

a project in that area, but the aggregate of the capital grants made with respect to such projects cannot exceed 10 percent of the total amount of capital grants authorized by title I of the Housing Act of 1949. The conference substitute retains the Senate amendment.

The House bill contained a provision which would exclude from local grants-in-aid for an urban renewal project any revenue-producing public facilities the capital cost of which is financed by service charges or special assessments. The Senate amendment did not include that provision. The conference report includes a provision which would exclude from such local grants-in-aid only those revenue-producing public utilities where the capital cost is wholly financed with local bonds and obligations payable solely out of revenues derived from service charges. The provision would not apply to utilities where the capital cost is partly financed from tax revenues or from any source other than revenue bonds. However, the provision would be broadened to cover public facilities financed by special assessments against land in the project area.

The House bill contained a provision increasing from \$2,000 to \$3,000 the maximum amount of any unsecured home repair and modernization loan, not insured under the FHA title I program, made by a savings and loan association in the District of Columbia. The Senate amendment provided for a lesser increase, from \$2,000 to \$2,500. The conference substitute retains the Senate amendment.

The House bill provided that the District Commissioners and "the other appropriate agencies operating within the District of Columbia" shall have the same rights and powers with respect to the new-type "urban renewal" projects as they now have with respect to redevelopment projects. The Senate amendment adds a provision specifically designating the National Capital Planning Commission as one of the "appropriate agencies operating within the District of Columbia" for this purpose. The conference substitute contains the new language added by the Senate amendment.

The House bill provided that the "workable program" for urban renewal in the District of Columbia shall be prepared by the District of Columbia Redevelopment Land Agency with the approval of the District Commissioners. The Senate amendment provided that such workable program should be prepared by the District Commissioners, with the participation of the Redevelopment Land Agency and other agencies of the District, if requested by the Commissioners. The Senate amendment also contained a provision making it clear that any appropriations required for the preparation of the workable program for the District of Columbia shall be requested by the District Commissioners rather than by the Redevelopment Land Agency. The conference substitute retains the provisions of the Senate amendment.

The committee of conference has noted the statement of the Senate Committee on Banking and Currency, in its report accompanying the bill (Rept. No. 1472, pp. 40 and 41), with respect to the coordinated administration of the undertakings authorized by the bill to enable cities to attack effectively the entire problem of urban slums and blight. The committee of conference is fully in accord with that statement and expects the Housing and Home Finance Administrator to firmly apply the unified direction to such undertakings as instructed by the Senate committee.

SECONDARY MORTGAGE MARKET

The House bill contained provisions providing for the rechartering of the Federal National Mortgage Association. The rechartered FNMA would have three principal functions, namely, (1) to provide assistance to the secondary market for FHA-insured and VA-guaranteed home mortgages in order to furnish additional liquidity for mortgage investments and thereby improve the distribution of mortgage investment funds; (2) to provide Government assistance for certain types of these mortgages, or for mortgages generally if necessary to retard or stop a decline in home-building activities which threatens the stability of a high level national economy; and (3) to manage and liquidate in an orderly manner the mortgages held in the portfolio of the present FNMA. Provision was made so that the Government investment in FNMA would gradually be replaced by private investment funds and provision was also made to enable FNMA to replace an important part of its borrowings from the Government with borrowings from the private investment market.

The Senate amendment struck the provisions from the House bill relating to the rechartering of FNMA but provided that the authority of the present FNMA to make advance commitments to purchase FHA title VIII military housing mortgages be extended for 1 year to July 1, 1955, and also granted FNMA authority to make advance commitments to purchase FHA-insured or VA-guaranteed mortgages covering property in Guam in an aggregate amount not exceeding \$15,000,000. The conference substitute retains the provisions of the House bill with respect to the rechartering of FNMA except in the following respects: (1) the users of the rechartered FNMA will receive common stock for their capital contributions in place of the convertible certificates (convertible into common stock upon retirement of Treasury stock) that had been provided for in the House bill; (2) the Treasury will receive preferred stock for its investment in place of common stock, and dividends could be paid on both the preferred and common stock out of available earnings; and (3) a formula is provided for the equitable distribution between the Secretary of the Treasury and the private stockholders of the FNMA general surplus and reserves at the time that the last of the Government's stock is retired.

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

Both the House bill and the Senate amendment contain provisions, which are essentially similar, under which there would be established a voluntary home mortgage credit program under which private financing institutions in an organized manner would undertake to make VA and FHA home mortgage credit available where needed. However, the Senate amendment, as does the conference substitute, strengthens the declaration of policy with respect to the voluntary home mortgage credit program and provides that the development of the program shall be consonant with sound underwriting policies. The conference substitute also provides, as did the Senate amendment, that a representative of the Home Loan Bank Board shall serve as an advisory member of the National Voluntary Mortgage Credit Extension Committee and that the Housing and Home Finance Administrator may act through and utilize the services of the Federal home

loan banks in providing regional subcommittees under this program with suitable offices and meeting places and staff assistance.

Under the provisions of the House bill the definition of "private financing institutions" included life-insurance companies, savings banks, commercial banks, cooperative banks, homestead associations, building and loan associations, and savings and loan associations. Such definition as contained in the Senate amendment omitted homestead associations and building and loan associations but added mortgage banks. The conference substitute provides that the definition of "private financing institutions" includes life-insurance companies, savings banks, commercial banks, savings and loan associations (including cooperative banks, homestead associations, and building and loan associations), and mortgage companies.

The House bill contained a provision which would exempt members of the National Voluntary Mortgage Credit Extension Committee and regional subcommittees from the "conflict of interest" statutes applicable to Government officers and employees. This provision was stricken by the Senate amendment. The conference substitute contains a provision making clear that service as a member of the National Voluntary Mortgage Credit Extension Committee or regional subcommittees will not be construed as holding any office or employment of the Government of the United States and thus resolves any question that might otherwise arise as to the application of the "conflict of interest" of statutes.

LOW-RENT PUBLIC HOUSING

The Senate amendment contained a provision in effect repealing the provisos in the Independent Offices Appropriation Acts of 1953 and 1954 which presently limit public housing starts and prohibit the Public Housing Administration from entering into any new contracts or other arrangements for additional public housing units or projects (except with respect to those now authorized), thus restoring the provisions of the basic substantive legislation. The same provision of the Senate amendment limited annual contributions contracts for new public housing units to 35,000 units during each of the calendar years 1954, 1955, and 1956, and limited the authority to authorize the commencement of construction to 35,000 units during each of the fiscal years 1955, 1956, 1957, and 1958. The program contemplated by the Senate amendment thus would provide for the construction of 140,000 additional public housing units over a 4-year period. The House bill contained no provision for additional public housing, in effect terminating the public housing program after the completion of the approximately 33,000 units still authorized under existing law.

Under the conference substitute the Public Housing Administration is authorized to enter into new contracts, agreements, or other arrangements during the fiscal year 1955 for loans and annual contributions with respect to not more than 35,000 additional public housing units. The new contracts, agreements, and other arrangements can be entered into only with respect to low-rent housing projects which are to be undertaken in communities where a slum clearance and urban redevelopment or urban renewal project is being carried out with assistance under title I of the Housing Act of 1949, as amended, and only if the local governing body of the community undertaking the

project certifies that the low-rent housing project is needed to assist in meeting the relocation requirements of section 105 (c) of that act by providing housing for persons displaced by the slum-clearance operations.

The total number of dwelling units which may be contained in any low-rent housing project provided for under these new contracts, agreements, or other arrangements is further limited by the requirement, contained in the conference substitute, that it may not exceed the number of such units which the Administrator determines are needed for the relocation of families displaced as a result of Federal, State, or local governmental action in the community. It should be noted, however, that although the existence of a slum clearance and urban redevelopment or urban renewal project in the community is a prerequisite to making any new contracts, agreements, or other arrangements for a low-rent housing project, the displacement of families as a result of governmental action other than slum clearance may be taken into consideration in determining the number of dwelling units which may be included in the project.

The net result of the conference substitute is to limit the extension of the public housing program to one additional year and 35,000 additional units, to restrict the authorization of the additional units to communities which have slum clearance and urban redevelopment or urban renewal programs and which require housing for the relocation of persons displaced by those programs, and to limit the number of dwelling units in such projects to the number required for the relocation of persons displaced by governmental action of all types.

The House bill contained a provision requiring owners of all federally assisted housing to agree to require from each prospective occupant or purchaser a certificate that he is not a member of any organization designated as subversive by the Attorney General. The Senate amendment eliminated this provision and repealed certain riders in recent appropriation acts which applied similar requirements to low-rent public housing, and substituted a provision requiring all tenants of low-rent public housing to be citizens of the United States or to have made application for citizenship, except in the case of families of servicemen and veterans. The conference substitute does not contain either provision.

The Senate amendment added to the House bill a provision requiring that payments of annual contributions for low-rent public housing shall be subject to audit and final settlement by the General Accounting Office in accordance with regular procedures. The conference substitute retains the provision added by the Senate amendment.

The House bill contained a provision providing that, where a public housing project is to be liquidated pursuant to the expressed desire of the community, the project may be sold upon the agreement of the community to pay its outstanding obligations, and the Federal Government's share of the proceeds from the sale shall be covered into miscellaneous receipts. The Senate amendment changed this provision to require that the project may be sold only upon the payment and retirement of all its outstanding obligations and that the Federal Government's share of the proceeds shall be paid to the Public Housing Administration and the local public bodies which have contributed to the project. The conference substitute follows the Senate amendment.

HOME LOAN BANK BOARD

The amendments made in title V of the House bill and those contained in title V of the conference substitute differ in the following material respects—

(1) The House bill contained no amendment to section 407 of the National Housing Act relating to termination of insurance of an institution insured by the Federal Savings and Loan Insurance Corporation. The Senate amendment authorized the termination of the insured status of an institution for continuing unsafe or unsound practices in conducting its business. The conference substitute adopted the Senate amendment with changes designed to assure that the amendment would not impair the supervisory authority of State and local bodies over insured institutions other than Federal savings and loan associations. The local supervisory authority would be given an opportunity to attempt to secure a correction of the unsafe or unsound practice before further action is taken by the Home Loan Bank Board to terminate the insured status of the institution. It would make the action of the Board subject to court review as in the case of the House bill relating to the appointment of conservators and receivers for Federal savings and loan associations. The authority which would be granted by this provision is similar to the authority which the Federal Deposit Insurance Corporation now has with respect to institutions having accounts insured by it.

(2) The House bill contained an amendment to title IV of the National Housing Act changing the name of the Federal Savings and Loan Insurance Corporation to "Federal Savings Insurance Corporation". The Senate amendment struck out the House provision. The conference substitute follows the Senate provision.

(3) The House bill increased from \$1,500 to \$3,000 the maximum amount of an unsecured loan in which a Federal savings and loan association may invest. The Senate amendment increased such amount to \$2,500. The conference substitute follows the Senate provision.

URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

The House bill authorized the Administrator to make advances to public agencies to aid in financing the costs of the preliminary planning of public-works programs, in order to encourage the maintenance by municipalities and other public agencies of a continuing and adequate reserve of planned public works and to attain maximum economy and efficiency in public works planning and construction. The Senate amendment added to the House bill a provision requiring that a public agency applying for such an advance of funds must, before any Federal funds can be made available to it for such preliminary planning, establish a separate planning account in which all Federal and local funds required for plan preparation would be placed. The conference substitute includes the provision added by the Senate amendment.

BUILDER'S WARRANTY

The House bill contained a provision requiring the seller or builder of a new 1- or 2-family house which has a mortgage insured or guaranteed by the FHA or VA to become a warrantor that the dwelling

was constructed in substantial conformity with the plans and specifications (including any amendment) on which the FHA or VA based its valuation.

The Senate amendment followed the language of the House bill with the following exceptions:

(1) The language of the House bill requiring a "warranty" of "substantial conformity" with plans and specifications was changed to a "certificate" of "conformity" with plans and specifications in the Senate amendment. The conference substitute adopts the House language.

(2) The House bill limited the warranty to single- and 2-family residences. The Senate amendment extended it to 3- and 4-family residences. The conference substitute adopts the language of the Senate amendment, and thus the warranty will be required for all new sale housing under the FHA and VA programs.

The provisions of the conference substitute which would direct the Federal Housing Commissioner and the Administrator of Veterans' Affairs to require that the builder or seller of a new home built with the assistance of an FHA-insured or VA-guaranteed mortgage deliver to the purchaser or owner a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof which have been approved in writing) on which the FHA or VA valuation of such dwelling was based, are not self-executing provisions which in themselves establish or affect the legal rights of the parties. Such rights are established and governed by the laws of the particular State. The Federal Housing Commissioner and Administrator of Veterans' Affairs must require the builder or seller to enter into such agreement or take such other action as necessary under applicable State law to make the builder or seller obligated to the purchaser or owner in accordance with the provisions of the act. It is the expectation of the committee of conference that, for this purpose, the builder or seller will therefore be required to certify that there were included in the sales contract, or other agreement prescribed by regulation, provisions warranting that the dwelling was constructed in substantial conformity with the approved plans and specifications, which provisions will survive the settlement of title, the delivery of possession of the property, or other final settlement between the builder or seller and the purchaser or owner.

PUBLIC AGENCY LOANS

The Senate amendment added to the House bill a provision amending the Reconstruction Finance Corporation Liquidation Act so as to place in the Housing and Home Finance Administrator the power to make loans to public agencies for public projects. In addition, this provision appropriated \$50,000,000 to a revolving fund to be established from which advances for such loans were to be made to the Administrator, and extended the termination date of the public agency loan program for an additional 2 years.

The Senate amendment also contained a provision granting succession to the Reconstruction Finance Corporation until it is dissolved pursuant to law, rather than only until June 30, 1954, as provided in existing law. Under existing law the Corporation will be dissolved when the Secretary of the Treasury finds that all its legal obligations

have been provided for and its continuance is no longer in the public interest; the provision added by the Senate amendment would permit the Corporation to continue to handle litigation on its behalf until it is dissolved, thus avoiding confusion and expense.

The conference substitute includes the provisions added by the Senate amendment with the following changes:

(1) The sum of \$50,000,000 is authorized to be appropriated to the revolving fund to be established from which advances may be made to the Administrator for the purpose of making loans to public agencies and for all necessary expenses in connection therewith, including administrative expenses.

(2) The public agency loan program is to be terminated on June 30, 1956.

(3) The provisions relating to the termination of succession of the Reconstruction Finance Corporation are omitted since they are contained in Public Law 438, approved June 29, 1954.

DISPOSITION OF CERTAIN GOVERNMENT HOUSING

The Senate amendment added to the House bill several provisions relating to the disposition of certain Lanham Act housing, some of which were acted upon in separate bills by the House. The first of these would authorize the Administrator to acquire, by purchase or condemnation, certain lands in which he holds a leasehold interest, in order to expedite the disposal or removal of temporary housing (particularly in Richmond, Calif.) located on such lands. The second would permit the disposal of war housing without regard to the applicable veterans' preference in certain unusual cases where (for any one of several specified reasons) the allowance of such preference would not accomplish the real intent and purpose of the veterans' preference provisions. The third would authorize the Administrator to convey certain demountable housing (not including land) in the San Diego area, without consideration, to (or in trust for) Indian tribes in Riverside and San Diego Counties in California, if the Secretary of the Interior certifies that such housing is needed to provide dwellings for the Indians. The fourth would authorize and direct the Administrator to sell to the University of California, at fair market value, two projects known as Canyon Crest Homes in Riverside County, Calif. The fifth would authorize the Administrator to sell to the Wethersfield Housing Authority (Connecticut), at fair market value, two projects known as Westfield Heights and Drum Hill Park in Hartford County, Conn., to be used by such authority in providing moderate rental housing. The conference substitute includes the provisions added by the Senate amendment with two amendments to the so-called Richmond, Calif., provision, one corrective in nature and the other that would prohibit any official or employee of the city from having any financial interest directly or indirectly in the purchase or redevelopment of any land that may be sold by the Federal Government to the city or its redevelopment agency. The conference substitute also contains a provision which would authorize the conveyance of a 156-unit temporary housing project to the Housing Authority of St. Louis County, Mo., and a provision permitting the sale to the University of South Carolina of a 74-unit public housing project in Columbia, S. C., at fair market

value and the use of the proceeds of such sale and the annual contributions now contracted for with respect to that project to be used for the development and operation of a project to replace the project thus sold.

DISPOSITION OF DEFENSE HOUSING

The Senate amendment added to the House bill a provision requiring that temporary housing which was constructed or acquired under the Defense Housing and Community Facilities and Services Act of 1951, and which is no longer needed for defense purposes (unless transferred to the Department of Defense or the General Services Administration under present law), shall be sold as soon as practicable to the highest responsible bidder (or, if any of the bidders are veterans purchasing dwelling units for their own occupancy, to the highest responsible bidder who is a veteran) after public advertising, or may be sold at fair market value to a public body for public use; such housing would be sold for removal from the site unless the governing body of the locality has approved the use of such housing on the site. The conference substitute includes the provision added by the Senate amendment, along with a further provision permitting the rejection of any bid for any housing being sold if such bid is less than two-thirds of the appraised value of such housing.

ADVISORY COMMITTEES

The Senate amendment added to the House bill a provision authorizing the Administrator and the heads of the constituent agencies of the Housing and Home Finance Agency to establish advisory committees to assist them in carrying out their functions, powers, and duties. Under present law (the Housing Act of 1949) only the Administrator has this authority. The conference substitute includes the provision added by the Senate amendment.

TECHNICAL PROVISION

The Senate amendment added to the House bill a provision amending the so-called School Construction Act to authorize Federal agencies to pay local educational agencies (for repairs or reconstruction) insurance receipts covering damage to or destruction of school facilities by fire or other casualty after such facilities have become eligible for transfer to the local agency but before the transfer has been completed; this authorization would, however, be limited to insurance receipts which are payable as a result of premiums paid by the local agencies. The conference substitute includes the provision added by the Senate amendment with a further amendment to correct the provision in title IV of the Housing Act of 1950 relating to the rate of interest on loans to institutions of higher learning for student and faculty housing. Under existing law, the rate must be determined on the basis of the going Federal rate, as defined in the law, which is applicable at the time the loan is executed. This rate frequently changes between the time the loan is first approved by the Housing Administrator and the time loan documents are prepared and ready for execution thus disrupting normal processing by the Housing Agency and changing the plans of the borrower with respect to the

proposed project. The amendment agreed to by the conferees would provide for the interest rate on these loans to be determined on the basis of the going Federal rate in effect at the time the loan is approved by the Housing Administrator.

CONTROL OF LENDERS' CHARGES AND FEES

The Senate amendment added to the House bill a provision repealing section 504 of the Housing Act of 1950, which directed the Federal Housing Commissioner and the Administrator of Veterans' Affairs to limit and control the fees and charges imposed by lenders upon builders and purchasers in connection with mortgages and home loans. A similar provision in the House bill was eliminated when title II of the reported bill (relating primarily to mortgage interest rates and terms) was stricken out on the floor of the House. Section 504 of the Housing Act of 1950 is no longer needed, since adequate authority for the control of these fees and charges is otherwise available. The conference substitute includes the provision added by the Senate amendment. This is intended in no way to remove any protection afforded to veterans and other purchasers against excessive fees and charges in connection with VA and FHA home loans. The VA and FHA will continue to have adequate authority under other provisions of law to control fees and charges paid by purchasers in connection with the initiation of such loans and the disbursement of loan proceeds, and it is the intention of the committee of conference that those agencies will continue to exercise their authority to protect veterans and other purchasers against excessive fees and charges.

RECORDS

The Senate amendment added to the House bill a provision designed to insure that adequate records are kept by persons and local public bodies benefiting by participation in certain programs under the jurisdiction of the Housing and Home Finance Agency or its constituent agencies. The conference substitute retains, with some changes, the provision added by the Senate amendment. Under the conference substitute every contract between the Agency (or any official or constituent thereof) and any person or local body (including a corporation or a public or private agency or body) for assistance under the United States Housing Act of 1937 or the Housing Act of 1949 must require that person or local body to keep such records as the Agency (or such official or constituent) shall from time to time prescribe, including records disclosing the amount and disposition of the proceeds of any loan, advance, grant, contribution, or supplement thereto, the capital cost of any construction project for which the assistance is made available, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. In addition, a mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act) could not be insured unless the mortgagor certifies that he will keep the records prescribed by the Commissioner. All such records shall be kept in such form as to permit a speedy and effective audit, and the Agency (or any official or constituent thereof) would have access to such records and the right to examine and audit them.

APPLICANTS FOR ASSISTANCE REQUIRED TO SUBMIT SPECIFICATIONS

The Senate amendment added to the House bill a provision requiring applicants for housing assistance to submit full specifications with respect to the proposed construction or acquisition of land. The conference substitute retains, with some changes, the provision added by the Senate amendment. Under the conference substitute, every contract for a loan, grant, or contribution under the United States Housing Act of 1937 or title I of the Housing Act of 1949 must require the submission of specifications with respect to the construction of a project prior to the authorization for the award of the construction contract, and must also require the submission of data with respect to the acquisition of land prior to the authorization to acquire such land.

PUBLIC HOUSING AUDITS

The Senate amendment added to the House bill a provision designed to assure that the appropriate officials of the Federal Government will be able to audit and examine certain records which are pertinent to operations under the United States Housing Act of 1937. The conference substitute retains, with some changes, the provision added by the Senate amendment. Under the conference substitute, every contract for loans or annual contributions under the United States Housing Act of 1937 must provide that the Public Housing Commissioner and the Comptroller General (or any of their duly authorized representatives) shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency entering into the contract which are pertinent to its operations with respect to financial assistance under that act.

REPORT TO CONGRESS OF INFORMATION ON HOUSING

The Senate amendment added to the House bill a provision relating to the reporting of certain housing information to the Congress. The conference substitute retains, with some changes, the provision added by the Senate amendment. The conference substitute specifically provides that the annual report of the Housing and Home Finance Administrator (provided for by sec. 802 of the conference substitute) shall contain pertinent information with respect to all projects for which any loan, contribution, or grant has been made by the Agency, including the amount of any loans, contributions, and grants contracted for. Such report would also contain pertinent information with respect to all builders' cost certifications required by section 227 of the National Housing Act, including information as to the amounts paid by mortgagors toward the reduction of the principal obligations of mortgages under that section.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
Managers on the Part of the House.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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CONTENTS

Administrative procedure.....21	Fruits & vegetables.....33	Property.....13
Appropriations.....3	Government competition..14	Purchasing.....14
Atomic energy.....11,37	Housing, rural.....1	REA.....11
Budgeting.....14	Insect control.....36	Reports.....13
CCC.....27	Lands, public.....15	Retirement.....8
Claims.....13	reclamation.....4,24,31	Roads.....34
Corn.....27	transfer.....28	School lunch.....17
Cotton.....25	Livestock & meats.....17	Social Security.....19
Credit unions.....9	Loans, farm.....1,4,26	Soil conservation.....2
Dairy industry....16,17,32	Legislative program.....18	Surplus commodities..16,30
Drought relief.....10	Marketing.....32,33	Taxation.....13
Dual compensation.....8	Marketing quotas.....25	Transportation.....5
Electrification.....23,35	Minerals.....15	Travel.....12
Emergency powers.....14	Nomination.....22	TVA.....37
Farm program.....18,20,30	Patents.....6	Vehicles.....12
Flood prevention.....10	Personnel.....8,12,14,18	Water compact.....7
Foreign aid.....16	Poultry.....29	Wheat.....16
	Prices, support.....17,30	

HIGHLIGHTS: House agreed to conference report on housing bill, including rural provisions. House received conference report on watershed bill. House debated supplemental appropriation bill. House committee ordered reported bill to authorize Interior loans to reclamation projects. Rep. Scudder commended Secretary's recommendations for farm program. Senate committee reported bills to authorize motor vehicle pools and travel for employees returning to continental U.S.

HOUSE

1. HOUSING LOANS. By a vote of 358 to 30, agreed to the conference report on H. R. 7839, the housing bill, which includes a provision continuing the rural housing program administered by this Department (pp. 10513-24). The report had been submitted July 20.
2. SOIL CONSERVATION. Received the conference report on H. R. 6788, the watershed development bill (pp. 10499-501).
3. SUPPLEMENTAL APPROPRIATION BILL, 1955. Continued debate on H. R. 9936, but made no changes in the agricultural items (pp. 10512, 10524-47).
4. RECLAMATION LOANS. The Interior and Insular Affairs Committee ordered reported H. R. 5301, to authorize the Interior Department to make loans for reclamation projects (p. D868).
5. TRANSPORTATION. The Merchant Marine and Fisheries Committee reported with amendment S. 3233, to provide permanent legislation for transportation of a substantial portion of water-borne cargoes in U. S.-flag vessels (H. Rept. 2329)(p. 10555).

6. PATENTS. The Judiciary Committee reported with amendment H. R. 3534, to authorize extension of patents covering inventions whose practice was prevented or curtailed because the patent owner was in the armed forces or because of production controls (H. Rept. 2347)(p. 10556).
7. WATER COMPACT. The Interior and Insular Affairs Committee reported without amendment S. 3699 and H. R. 9679, consenting to a Tex.-La. compact for division of the Sabine River waters (H. Repts. 2317, 2321)(p. 10555).
8. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 7785, to make permanent the increases in regular civil-service annuities provided by the act of 1952 (H. Rept. 2318)(p. 10555).
This Committee reported without amendment H. R. 5718, to limit the period for collection by the U. S. of compensation received by Federal employees in violation of the dual compensation laws (H. Rept. 2334)(p. 10555).
9. CREDIT UNIONS. The D. C. Committee reported with amendment S. 3683, to transfer supervision of D. C. credit unions to HEW from Treasury (H. Rept. 2333)(p. 10555).
10. DROUGHT RELIEF; FLOOD PREVENTION. Rep. Miller, Kans., inserted a farmer's letter describing flood-prevention work on his farm, and requested a cattle-buying program for drought relief (pp. 10549-50).

The House Agriculture Committee, on July 16, adopted the following resolution:

"Within the past several days there has come to the attention of the Committee an increasing number of reports of serious drought conditions in many parts of the United States. It is the Committee's information that conditions have already reached the point in some parts of the country where production of crops is being seriously threatened and the ability of livestock producers to maintain their flocks and herds is being impaired.

"In view of this situation the Committee urges that the Secretary of Agriculture use to the fullest extent the authority and funds available to him for combatting or alleviating the results of the drought as soon as conditions in the various affected areas warrant action on the part of the Federal Government.

"The Committee respectfully suggests, in view of the fact that Congress will soon adjourn, that the Secretary review the authority and the funds now available to him for meeting drought and other emergency conditions in the agriculture of the Nation and report to the Committee at the earliest possible moment any additional authority or funds which he believes he may require in order to meet as effectively as possible any need which may arise for action on the part of the Federal Government."

SENATE

11. ATOMIC ENERGY. Continued debate on S. 3690, to amend the Atomic Energy Act (pp. 10584-96, 10601-29). Mose of the debate related to the TVA. Sen. Langer spoke against the President's proposal to contract with private utilities and stated that "the most harmful effect of the... deal will be its ultimate effect on the REA cooperatives and, through them, on the farmers of the valley" (pp. 10585-590). Sen. Johnston stated that farmers of his State need money now as a result of reduced acreage production and that he does not want "to see the electric bills for industrial power in the Southeast go up" (p. 10628).

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 10 minutes tomorrow, following the legislative program of the day and the conclusion of special orders heretofore entered.

HOUSING ACT OF 1954

Mr. WOLCOTT. Mr. Speaker, I call up the conference report on the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities—the so-called housing bill—and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 19, 1954.)

Mr. WOLCOTT. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, the conferees on this bill were conscious, in the discussion of the many points at variance between the Senate and the House, of the tremendous interest of this bill both to Members of the Congress and to the public at large. I think in the beginning we should have in mind that almost all important legislation is a matter of compromise. I want to make the general statement that when the bill was before the House I believe I made the statement that it contained about 99 percent of the President's housing program. Since then an investigation has been made of certain irregularities in certain of the constituent agencies of the Housing and Home Finance Agency, so the conferees were confronted with many problems, most of which had to do with writing a bill which would, in the first instance, encourage the construction of homes. And, I might say parenthetically that the conference report which is before us is estimated to make it possible to build somewhere between 1,250,000 and 1,400,000 homes each year. But, being confronted with these irregularities which were brought out by the investigation, the House made a great many concessions, all with the idea that we would tighten up the procedures in such a manner that the probabilities of recurrence of these irregularities would be reduced to a minimum. That has been our objective. I think we have been successful. The tightening up of the procedures, as we all well recognize, could not be spelled out to the last detail in legislation. We had to leave many of them to regulations, and a broad provision in the conference report is to the effect that wherein we have not spelled out these safeguards in the legislation, generally speaking the administration may, by regulation, supplement the legislation with that objective in mind.

I know that many Members of Congress are more interested in public housing than in any other feature of the bill. However, public housing, although an important part of the bill, is recognized by those who have studied this problem throughout the years to have become a symbol perhaps; but that in respect to the number of houses which would be constructed under the bill, it did not take on the significance that many Members of Congress and many people in the Nation attributed to it.

I shall try to cover some of the highlights of the conference report in the brief time permitted me. In respect to title I, modernization and repair, we gave a great deal of consideration to that, because most of the irregularities were found in the modernization and repair program. You will recall that when the House passed the bill, we provided that modernization and repair insured loans could be made for \$3,000 and a period of 5 years. The Senate amendment which was passed after the investigation, provided that these repair loans should be in conformity with existing law, which is \$2,500 maximum with a maturity of 3 years. We accepted that.

In respect to the improvement and conversion of existing multifamily structures under title I, the present law provides a maximum of \$10,000 and a maturity of 7 years. The House bill provided for \$10,000, or \$1,500 per family unit, with a 10-year maturity. The Senate bill struck that out. The conferees, in effect, accepted the Senate version which in substance retains existing law. But we did something else, which is most important to prevent recurrences of irregularities in title I, modernization and repair loans. Heretofore, a financing institution had in effect 100 percent of its entire portfolio of these loans insured. If an institution had \$1 million worth of title I loans, they would suffer no loss until their loans in default exceeded \$100,000. Because of the very few losses relatively speaking on an individual basis, the financial institutions always had about 100 percent insurance on these loans. We have in this bill what is known as the coinsurance feature under which the lending institution now will have to assume some authority, some responsibility and risk.

Instead of the portfolio being insured in effect in full, now the lender will take 10 percent of the loss on each individual loan. That will compel the financing institution to administer these loans much more carefully or it will have to take actual losses.

In respect to the FHA insurance of houses, you will recall that the House provided for the same insurance on old houses as on new houses. The House had provided for 95 percent on the first \$10,000 and 75 percent on the excess over \$8,000, with a maximum on 1- and 2-family units of \$20,000. The Senate provided 95 percent on the first \$8,000 and 75 percent over \$8,000 in the case of new houses and 80 percent for old houses. The House maximum on 1- or 2-family units was \$20,000. The Senate

reduced that to \$18,000. The House provision on 3-family units was \$27,500. The Senate reduced that to \$24,000. The House provided on 4-family units a maximum of \$35,000. The Senate reduced that to \$30,000.

Of course we had done nothing whatever that would have applied to old houses as well as new houses, but we created a new formula for old houses which I think probably is better in the circumstances than the one we had. The problem there was, when a house was old, how was it going to be determined whether it was going to last during the period of amortization? So although the loan to value ratio is 95 percent of \$9,000 plus 75 percent of the excess over \$9,000 for new houses, on old houses we provided for 90 percent on the first \$9,000 and 75 percent over \$9,000, but the President is authorized when the general economy is such as to require it or where the condition of the building industry—I am speaking broadly now—requires it, he may increase the \$9,000 figure to \$10,000.

The maturities on old houses instead of being not to exceed 30 years as provided in the House bill is limited to three-fourths of what the Federal Housing Administration estimates to be the remaining economic life of the building, or 30 years, whichever is less.

A comparable situation has to do with section 221 housing, in which you will recall the House had provided for 100 percent insurance and 40-year maturities with \$200 to cover closing costs. The Senate provided 95 percent of the appraised value. The 95 percent prevailed, with the same maturity provision of three-quarters of the estimate of the remaining economic life.

A very important and interesting provision is explained on page 71 of the statement, which has to do with insurance for servicemen. Under existing procedures and law if a man is a veteran or would be a veteran if he were not in the service—that is if he stays in the service and continues his service beyond the time when he might otherwise have been discharged, then we have provided that that serviceman may take advantage of these special FHA provisions in order to provide accommodations for him and his family. These provisions are contained in the new section 222 of the National Housing Act.

On the question of cost certification: We gave a great deal of study to that. In substance but not in detail, we have included provisions which will prevent mortgaging out.

Let me say that I believe anyone may vote for this conference report with the assurance that we have prevailed in 99 percent of the President's program.

I think probably I should take a few minutes to discuss public housing. You will recall when the bill left the House, it made no provision for public housing. The other body provided for 35,000 units for each of 4 years, for a total of 140,000 units of the total of 810,000 units authorized under the Housing Act of 1949. Under the language, as proposed in the other body, there was no cut-off date.

They would merely postpone the authority under the Housing Act of 1949 which, as I said, authorized a total of \$10,000.

Now, it will be recalled that when the House had before it this question we had the so-called Widnall amendment, in which for 1 year 35,000 units were authorized. I might say that it seemed advisable that we take a look at this program each year and determine whether it would be necessary the second year to authorize another 35,000 new units or any part of 35,000 units. That was perfectly satisfactory to the administration. I dare say that 95 percent of the people of the United States, including at least 50 percent of the Members of Congress, had always thought of public housing in connection with slum clearance, and there has not been a discussion on public housing in this Congress but what there has been a claim made that we must have public housing if we are going to have slum clearance, or slum clearance and public housing are one and the same thing. Nothing could be further from the fact than that; but, to bring these provisions within the realm of understanding of so many people, and to give the administration authority to take care of those people who are being displaced from slum clearance projects, the conferees restricted these 35,000 units for the fiscal year 1955 in this manner: We provided that after the 1955 program, which calls for 35,000 new units, the public housing program would stop as provided in language contained in the Independent Offices Appropriation Act for fiscal 1954. We also provided that within this limitation of 35,000, which were made available for fiscal 1955, the local governing body—not a local public housing authority, but the local governing body, we will say the common council, must certify that the public housing units within this limitation of 35,000 are necessary to accommodate people who are to be displaced by the slum clearance projects, and the Housing Administrator must also limit the number of public housing units to those required to accommodate the families which are to be displaced. Those who will say that public housing is necessary as an adjunct to slum clearance surely can have no objection to tying in this program with slum clearance. If a slum clearance project is not being carried out in any area, then they cannot get public housing. A slum clearance or urban renewal or redevelopment project is not being carried out until at least the final plans have been approved by the Federal Government.

Mr. WIER. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I am sorry, I cannot yield.

With those limitations we believe we have dealt constructively with public housing, and we are sure that the House will recognize that we have done so. We hope the conference report will be adopted as submitted.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Speaker, I yield 15 minutes to the gentleman from Kentucky [Mr. SPENCE].

(Mr. SPENCE asked and was given permission to revise and extend his remarks, to include therein a part of the President's message with regard to low-income housing and a telegram by the president of the American Federation of Labor.)

Mr. SPENCE. Mr. Speaker, there seems to be some contrariety of opinion on the majority side as to what the President's program was and is in regard to public housing. Some of our Republican colleagues say they have had conversations with him and he has expressed an opinion on public housing other than that in his housing message.

The President wrote a carefully considered message on housing; that was the only subject that was discussed, and that message was unequivocal, definite, and certain. No man could read that message and have any doubt about the President's desires as to public housing.

That message came to the Congress, but it was also a message to the American people. It was heralded throughout the length and breadth of this land, from the Atlantic to the Pacific, from the gulf to the lakes, that the President wanted 140,000 units of public housing distributed over 4 years at 35,000 a year. How anybody can say that this conference report meets the President's views is more than I can understand. The President has expressed his views in a way they cannot be misconstrued or misunderstood, and he expressed them for a purpose. His purpose was to tell the American people what his views were on this most important subject. I assume that if he had changed his views he would have written another message. He has not done so. The gentleman from Michigan said that the most interesting part of this program is public housing.

We are spending billions of dollars in fighting the spread of communism. We are also spending a great deal of money to prevent subversive activities. I grant you that the infamous communistic conspiracies are not formulated in the slums, but the slums are where they get their proselytes and their converts. Where there is unhappiness, poverty, and disease, the people readily fall victim to subversive conspiracies. Slums are a malignant cancer not only on the city but also on the Nation. It is not solely a city problem.

The President has said what he wants. He has asked for bread and you have given him less than a stone. Yet you claim you have complied with his wishes. I do not think that low-rent public housing is solely a means of clearance of slums. But how are you going to clear the slums unless you have homes for the people that are dispossessed? Here you have a fantastic proposal. The slum dweller is given an opportunity to purchase a house costing \$7,600, or in high-cost areas where most of the slums are, \$8,600, and pay 5 percent down. Five percent of \$8,600 is \$430. Then he would have to pay the other charges, such as examination of title, survey cost, and other things which would certainly run it up to about \$600. The monthly charges would be \$78 a month, I am informed.

Do you believe this is an effective method of relocating people who live in the slums? If a slum dweller were able to pay these sums he would be in the slums of his own volition? So I say there is no provision in this report to help families of low income or to get them out of the slums.

The public housing program was founded on the principles of charity and justice. When you give a man the opportunity to obtain better housing so that his family may have sunlight and healthful surroundings he will have the courage and inspiration to improve his social and financial standing. That is not a bad program. It is not socialistic. There are many big interests that have had favors from the Government so great that they could let their Government subsidies pay for all the public housing units. When the poor ask for something that is socialism. I say the Democratic Party stayed in power for 20 years because of its humane and forward-looking program. If you follow your present course we will come back and stay in power for another 20 years.

There may be some features of this bill that are commendable. I am not saying they are all bad. But I do say the thing that the gentleman from Michigan said we were all interested in more than anything else, public housing to assist the people in the low-income group, is totally inadequate. This is the issue, whether you are going to do something for the people who really need it and in doing that whether you are going to do something for your country and raise the standards of our citizenship and strengthen the security of our Nation.

Nobody can justify slums in this era; nobody can justify our failure to do anything about the slums. The slums are not only a menace to our society, but are very costly. They increase the cost of your health activities; they increase the cost of your fire department; they increase the cost of your police department; they are a bad thing and we should have done something in this bill to remove them. We have not done it. That is plain and that is the issue and we are willing to meet it.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Is my understanding correct that, under the conference report, 15 States could not get 1 single unit of public housing because the laws in those States do not authorize redevelopment authorities?

Mr. SPENCE. That is true. The public-housing provision is limited to only 1 year, with 35,000 units. It is so wrapped up in redtape and obstruction that I do not believe there will be 10,000 units put into effect. How are you going to distribute a few units like that amongst the cities of the country that need them?

I have seen the effects of public housing in my own community. I have seen it convert a blighted area into a desirable residential neighborhood where people live decently. This is certainly a proper function for our Government to

perform under the Constitution. The people, in the last analysis, are the Government of the United States. When you improve our people you are adding stability and strength to our Government.

When the appropriate time comes, I shall offer an amendment to instruct the managers on the part of the House to insist on the President's program as set forth in his message of January 25 of this year. If you want to follow the President, here is an opportunity to follow him with confidence and assurance that you are carrying out the program clearly expressed in his housing message to the Congress and to the people.

[From the President's message on housing of January 25, 1954]

III. HOUSING FOR LOW-INCOME FAMILIES

The continued lack of adequate housing, both new and used, for low-income families is evidence of past failures in improving the housing conditions of all of our people. Approval of my preceding recommendations will increase the opportunities of many families with low incomes to buy good older homes. But a more direct and more positive approach to this serious problem must be taken by the Government. I recommend, therefore, a new and experimental program under which the Federal Housing Administration would be authorized to insure long-term loans of modest amounts, with low initial payment, on both new and existing dwellings, for low-income families. The application of this new authority should be limited to those families who must seek other homes as a result of slum rehabilitation, conservation, and similar activities in the public interest. I recognize, as did the Advisory Committee, that this program represents a challenge to private builders and lenders. In order to assist them in meeting this challenge, a greater proportion of the risk should be underwritten by the Federal Housing Administration than it regularly insures. The successful development of this program will afford a much greater proportion of our lower-income families an opportunity to own or rent a suitable home.

Until these new programs have been fully tested and by actual performance have shown their success, we should continue at a reasonable level the public-housing program authorized by the Housing Act of 1949. I recommend, therefore, that the Congress authorize construction, during the next 4 years, of 140,000 units of new public housing, to be built in annual increments of 35,000 units. Special preference among eligible families should be given to those who must be relocated because of slum clearance, neighborhood rehabilitation, or similar public actions. The continuance of this program will be reviewed before the end of the 4-year period, when adequate evidence exists to determine the success of the other measures I have recommended. In addition to this requested extension of the public-housing program, the Housing Administrator will recommend amendments to correct various defects which experience has revealed in the present public-housing program.

WASHINGTON, D. C., July 19, 1954.

Hon. BRENT SPENCE,
House Office Building,
Washington, D. C.:

Action of the conferees on the proposed Housing Act of 1954 (H. R. 7839) limiting public housing authorization to 35,000 units for 1 year and restricting occupancy of public housing units to families displaced by

slum clearance would kill all chances for even a minimum public housing program. The President's recommendation for 140,000 units to be built over a 4-year period represents a rockbottom minimum program. Slum clearance cannot go forward unless low-rent, public housing is available in advance of clearance operations to house displaced families. Urge you do everything possible to obtain a vote in the House of Representatives to recommit the bill to the conference committee with instructions to adopt the President's program of 140,000 units over a 4-year period with no restrictions on occupancy.

GEORGE MEANY,
President, American Federation of Labor.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. RAINS].

(Mr. RAINS asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Speaker, I must say, as I said when the housing bill was being considered in the House, there are some good features in the bill, most of which were retained in conference, and some features which are not good, about which I assume we can do very little here.

In the first place, I cannot share my good chairman's optimism about this bill being the vehicle on which we can hope to construct 1,250,000 to 1,400,000 houses. I do not want to pose as a prophet, but I am afraid that will not be the record 1 year from today.

As I said on the floor during debate, when we had this bill before us, one of the things which I think is drastically wrong with both the Senate and the House bills, is the failure to provide adequately for the necessary mortgage credit. I asked for this time—and I appreciate the chairman's giving it to me—merely to make 3 or 4 brief explanatory statements. I am not going to argue the point of public housing. Everybody here knows how he is going to vote. But I want the record to be clear. I do not want anyone to be under any delusion that this bill has the public housing program proposed by the President in it. Those who are opposed to all public housing should be pleased by this bill. Those who are not opposed to public housing should be displeased by this bill very much. The issue is clear cut.

Thirty-five thousand additional units of public housing are purported to be authorized in this conference report; but, as the chairman said, they could only be used to rehouse families displaced as the result of governmental action—local, State, or Federal—in a community carrying out slum clearance or urban renewal under authority of title I of the Housing Act of 1949.

Even though your community had complied with section 101 (c) of the Housing Act of 1949, and had "a workable program to eliminate and prevent the development or spread of slums and urban blight"—approved by the Administrator of the Housing Home and Finance Agency, it would not qualify for public housing under the public housing provision in the conference report.

Fifteen States—and I name them: Arizona, Florida, Georgia, Idaho, Iowa, Mississippi, Montana, Nevada, North Dakota, Texas, Utah, Vermont, Washington, Wisconsin, and Wyoming—do not have laws authorizing slum-clearance and urban-development projects. In Kansas, Maine, Indiana, and Nebraska authority for these projects is limited to one city.

Contracts for the public housing units under the conference report would have to be signed by June 30, 1955; and, as the chairman stated, the local governing body of a community would have to certify that public housing is necessary to relocate families displaced by a slum-clearance project.

It is my information—and I believe it to be correct—that only 214 communities in the United States have received even tentative approval—that is, HHFA reservations for capital grants—for slum clearance or urban redevelopment. And only 24 communities in the United States—those with an HHFA final loan-grant contract—have reached the stage where they could make the finding necessary to qualify for public housing under the conference report.

It is further my information that several of the communities which could qualify—Newark, N. J.; Norfolk, Va.; Kansas City, Mo.; and Nashville, Tenn.—already have well-rounded urban redevelopment programs and have all the public-housing units they can use at this time.

In other words, if your community is one that does not now have the slum clearance under title I and your community were to take action immediately to qualify, it would take a minimum of 2 years to be in position to take advantage of the public-housing provision in the conference report.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, I noted when our very distinguished chairman called up this conference report he referred to it as "the conference report on the so-called Housing Act." I do not think he referred to it that way facetiously, I think he meant just that. It is "a so-called Housing Act." It is not a Housing Act that will produce the kind of housing that the Members of Congress have indicated the country needs.

I do not find fault with any of the conferees who I know devoted themselves sincerely and zealously to the task of bringing back a good housing bill. I do find fault with the report which brings back a bad bill. Yes, as has been said, there are some good things in the bill, but I think the bad far outweighs the good.

I daresay this may be one of the important political issues of the forthcoming congressional campaign, because when you get right down to it, whether you want public housing or low-cost housing or middle-cost housing, you are not going to get much of any of it out of this bill.

As the distinguished gentleman from Alabama [Mr. RAINS] tried to point out to you, while the bill calls for 35,000 new public housing units in the next year,

and as the distinguished gentleman from Kentucky [Mr. SPENCE] also pointed out, it is certain that with these many conditions and ifs and buts and particularly the one that requires the contracts to be made not later than June 30 of 1955, you will not get a single new unit of public housing under this bill. There is not a community that can plan and consummate the negotiation of a contract for public housing in less than 2 years. Therefore, that June 30, 1955, limitation in this bill means you will get nothing by way of new public housing out of this legislation.

When the time comes for the distinguished gentleman from Kentucky [Mr. SPENCE] to offer his motion to write into this bill the President's program, I have no doubt that many of our friends in the majority party will leave their President, and I have just as little doubt that the day after we will get an announcement from the White House that the President endorses the candidacies of Republicans who will support his program. I wonder where he is going to find them. I know that in most congressional districts, the people will be looking for them in vain in November of this year.

For many years we have been pointing out other defects in the Housing Act. You have heard and read a great deal about the windfall profits that have been made by builders. Let me tell you, as I have told you before, that if there have been any windfall profits made by these builders on any part of this program the Congress is responsible for it. The Congress encouraged it and the Congress condoned it.

Despite the many warnings that have been given to you, you are writing into this bill today, if you pass it as it comes to you from conference, the right and the privilege to continue to make those windfall profits.

Oh, there is a nice little clause here that says you must get a certification of costs from the builder of the rental housing, that is, rental housing that contains more than 4 units, but on the 1-, 2-, 3-, and 4-family units no certification is required and the builder can go on his merry way reaping all the profits he can get out of the building and out of the mortgage money, with your Government insuring that he will not lose a nickel of his money, and your Government insuring that the mortgagee that advances the money will get every dollar of principal and interest back. I remember only a few days ago, publication of some of the testimony adduced in the committee of the other body, showing how in 1 project alone, over \$4 million was made in a single project by an operator who constructed and sold 1-family projects—one-family houses which were built as independent units and which were not rental housing. You preserve the same very bad features in this bill which is now before you.

There are many other bad things in this bill, the worst of which is the giveaway program by which Fanny Mae will be turned over to the mortgage lenders of the country. The same people who talk about creeping socialism resent our

pointing out how this bill subsidizes, with the taxpayers' money, the bankers and the builders of the country. The term "socialized credit" very aptly describes this program. The threat to the free enterprise capitalistic system will not come from helping the masses to help themselves. It will come from giveaway programs like this which give the wealth of the country to the capitalists of the country, at the expense of the taxpayers.

The conference report should be rejected.

(Mr. MULTER asked and was given permission to revise and extend his remarks.)

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Speaker, I am addressing my remarks to the conscience of the House.

There are little children in the slums of our big cities. There are women, mothers of those children, and there are fathers who have the same eager longing as fathers in more comfortable circumstances to give to their wives and their children the conditions of a healthy and wholesome atmosphere. They need our help. The little children who go to bed at night hungry, and on the morrow awakened to another day of drab existence, can be helped by us if we will permit our consciences to guide our actions.

Earlier in the day the great and distinguished Speaker of this House, calling its Members to attentive quietude, said that this is one of the most important days of the 83d Congress. He spoke as always is his custom with clear and precise understanding. Today we in the 83d Congress are to make the decision by which this Congress will be judged by those who in later years will write the history of this period. There is but one question here to be answered: Will the House of Representatives of the 83d Congress ruthlessly crush the dream envisioned in the Housing Act of 1949, the dream of a United States of America free of the blight of miserable and hopeless slums?

I need not remind my colleagues on the other side of the aisle that this has been called the Congress of big business. It is true that this Congress has been lavish in the subsidies that it has given in aid of industrial and banking interests. As the great Kentuckian [Mr. SPENCE] has well said this has never been subjected to the same sort of criticism as is being leveled at the Housing Act of 1949.

My memory goes back to 1949 when there was enacted a housing act of which the late Senator Taft was one of the authors and one of the outstanding champions. Now in the year of his death, when the tributes of affection given at his bier have scarcely been silenced, there are those in this body who loved him and those who followed him with loyalty and fidelity and gave to him the proud title of "Mr. Republican," who are asked to vote for the death knell of the public-housing program which was the heart and soul of the Housing Act of 1949. How can you do it? How can you

so quickly forget those words of counsel that came from the lips of your leader now fallen?

The proposal brought back to us by the conferees is for 35,000 new units of public housing, and then the end for all time of the program that the late Senator Taft thought he had assured as his greatest contribution in public service to his country. It would be bad enough if there were to be 35,000 new housing units, and then the end. But this proposal goes further than that. It is a mockery since the conditions under which these 35,000 new housing units may be contracted for are impossible to be met. The distinguished gentleman from Alabama [Mr. RAINS] has shown how fantastic is the pretense that the report of the conferees actually provides for the continuance of the public housing program on any scale even for 1 year. I have checked carefully and I can say with certainty that under the conditions imposed not one new unit of public housing will come to the city of Chicago.

It is like strapping a man to a chair, putting food on the table beyond his reach, and telling him dinner is served.

If this is what you on the other side of the aisle call saving the face of the President, I am afraid that the burning cheeks of the man in the White House will be your own only answer. He will wish from the bottom of his heart that the matter of his face treatment had been left in friendlier hands. The President asked for 140,000 new housing units. You of whom he asked it, the members of his own party, some of whom only yesterday asking his blessing and being photographed with him for purposes of a forthcoming campaign, today are asked to vote to give him not 140,000 housing units but the scant 35,000 so conditioned that there will probably come from it all not one single new housing unit.

Where are your consciences, where is your loyalty to the late Senator from Ohio whom you professed to love, and whom you followed in the days when the path seemed to be leading to the power of the Presidency? Some of you followed the star of General Eisenhower in the preconvention period. All of you on the other side of the aisle were hitched to and were benefited by that star in the campaign that followed the conventions. Where now is your loyalty to your chief-tain?

General Eisenhower as a candidate pledged himself to giving a helping hand to the most unfortunate of our fellow Americans, the men and the women and the children who are doomed by the destinies of their lives to the hopeless environment of the slums. As President of the United States he acknowledged his pledge, he said that he would be true to that pledge, that he might not go as far as had been charted in the Housing Act of 1949, in the enactment of which the late Senator Taft was a vital factor, but that he would use all of the influence of his own personality and the prestige of his office to see that there was provided a minimum of 140,000 new housing units.

Where are your consciences that one day you can ride on the coattails of your

President, and the next day subject him to the greatest humiliation that has ever been given to the President of the United States by the members of his own party?

I shall vote with the President of the United States. When it comes to giving a helping hand to misery, to relieving as much as God has given the power to do the distresses of the less fortunate, there should be no semblance of politics. I would have preferred the full program as approved and championed by the late Senator Taft and for which I, as a member of the Banking and Currency Committee, worked and voted for in the 81st Congress.

The gentleman from Kentucky [Mr. SPENCE], the chairman of the Banking and Currency Committee in the 81st Congress, whose masterful leadership gave to the Nation the greatest housing act in the history of any nation, will move to amend the pending measure to conform with the recommendation of President Eisenhower of 140,000 new housing units.

I shall support the motion of the great Kentuckian. I hope that conscience and a sense of loyalty both to the late Senator Taft and to President Eisenhower will persuade my colleagues on the other side of the aisle to do likewise.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. O'HARA of Illinois. I am glad to yield to the distinguished gentleman from New York.

Mr. JAVITS. I will say to the gentleman that I intend to support the motion to recommit, and that I believe we should back up the President. I believe that the masterful job which has been done here is to reconcile people who are generally unfavorable to federally assisted low-rent housing. But I think those who are favorable to federally assisted low-rent housing have their last chance to vote, and must get behind it today, because I am convinced it will be a major issue in the cities, certainly, in the elections of 1954, and that the great majority of the city people want the President's program.

It is incompatible with the majestic power of Government to provide without providing. The conference report says it authorizes 35,000 federally assisted low-rent housing units for the next fiscal year but the condition tied to it reduces the figure to an estimated 10,000 units. The President has already given us a program which is so reasonable as to be on the minimum side of 35,000 of such units each year for 4 years a total of 140,000 as voted by the other body and we can understand and agree with the President's views which were designed to attract the most widespread support for the program at the same time that it met the rockbottom needs as found by the survey of a Presidential Commission. The reasonable administration program meant just 3 percent of new housing starts to be federally assisted low-rent housing designed to help one-third of our country's families, which come within the generally eligible income brackets, to meet their housing needs. Slum clearance, urban redevelopment, and community development must have advance planning. No such

opportunity is given adequately under the legislation now in the conference report.

In addition, tying federally assisted low-rent housing to relocation of eligible tenants displaced from slum clearance is impossibly restrictive as it excludes balanced community development with the aid of Federal low-rent housing. Relocation of tenants displaced due to road improvement and other municipal improvements, areas where slum clearance is impractical, the avoidance of the creation of new slums, and the use of open land with great savings is made difficult if not impossible in federally assisted low-rent housing under the conditions of the conference report. State and municipally assisted low-rent housing programs, experience has shown will not flourish unless sparked by federally assisted low-rent housing. It is significant to me that the senior Member of the other body from New York, one of the conferees refused to sign this report. Though the report has many desirable features, and my whole record shows my devotion to all measures to increase the overall supply of housing, I cannot support this report unless it carries at least a minimal amount of federally assisted low-rent housing without impossible conditions as in this way alone is it a balanced housing program for all the American people.

Mr. O'HARA of Illinois. The gentleman from New York, as usual, has spoken with clarity and realistic understanding of conditions. Those who in the large urban centers of the Nation vote to approve this proposal are giving a death blow to public housing. More than that, they are saying to the little people of America, the little people who live in miserable circumstances, the children in the slums, and the mothers and fathers of those children, that this Government has no heart for them. Those who are photographed shaking hands with the President on Monday should not permit themselves to be found on Tuesday stabbing him in the back.

Mr. Speaker, the vote today will be an issue in the congressional campaigns soon to be in full swing. In my own city of Chicago, with a growing unemployment and a greatly diminished family income, the housing shortage continuing, rents are soaring beyond the financial ability of tenants. They have got completely out of the control of the responsible real-estate bodies.

For 2 weeks there has been lying on the shelf of the Rules Committee my resolution for a select committee from this body to look into the housing and rental situation in Chicago and other urban centers. Come September tenants are faced with meeting further demands for rent increases or eviction into the streets. Their only hope is in quick action by this body, an investigation helpful both to tenants and to real-estate owners who will be ruined by a speculator's wild-away spree. Nothing is being done.

It is not only the most unfortunate of all, the human beings living in misery in the slums, who receive no listening ear, no helping hand. The vote today on the motion to provide 140,000 new housing

units, as proposed by President Eisenhower, will furnish to the people a true index of your intention toward all who suffer from a continuing housing shortage and for relief are given no housing program to bring decent roofs within the reasonable reach of a majority of our people.

The SPEAKER. The time of the gentleman from Illinois [Mr. O'HARA] has expired.

(Mr. GARMATZ asked and was given permission to extend his remarks at this point.)

Mr. GARMATZ. Mr. Speaker, this conference bill on housing has been variously described as a "compromise" or as a "partial victory" for President Eisenhower on the public housing issue.

Actually, it is death for public housing—not quite sudden death, it is true, but a lingering, agonizing, 12-month decline into a corpse.

Here is how the so-called compromise works: The 33,000 units presently committed and presently being built cannot, of course, be stopped. They will go on to completion. This bill says that an additional 35,000 units can be arranged for by the Housing and Home Finance Agency and the housing authorities of the various cities, and that is all. After those 35,000 units are committed for, the program ends.

But even while authorizing this anemic diet for the final year of public housing, the conference report puts ground glass in it by providing that only those families actually displaced from their present homes by redevelopment can be housed in the new units.

That will so limit and so restrict the practical use of these last remaining 35,000 units of public housing, that many cities will have no use for them.

So, under this bill, as I said, we are not only starving public housing to death in the next 12 months, but sticking knives into the victim and feeding it ground glass to speed its demise.

Is this, then, a compromise on the 140,000 units over 4 years that the President asked for? Certainly it is no compromise at all, but a one-sided victory for those who most bitterly oppose any and all public housing.

I have seen some news stories on this bill which indulged in this kind of arithmetic:

First. The President asked for 140,000 units over 4 years.

Second. A total of 33,000 units is now going forward.

Third. A total of 35,000 units is proposed in this bill.

Fourth. Add 33,000 and 35,000 and you get 68,000.

Fifth. Therefore, President Eisenhower is getting just about half of what he asked for, since 68,000 is about one-half of 140,000.

What the arithmetic ignores is that President Eisenhower asked for 140,000 units over and above the 33,000 units which were already in the works under previous programs. He asked for 140,000 new units. He is getting 35,000.

Actually, Mr. Speaker, we need and could use at least 100,000 units of new public housing in this country every year.

The President's Council of Economic Advisers recently reported how housing starts in this country have been down every month this year, below comparable levels of the previous years when we were building well over 1 million new American homes a year. We need vast numbers of new homes for the growing population of the United States, as well as for the dwellers of slums who live in quarters unfit for human beings.

Recently, Mr. Speaker, I noted for the House some comments on the housing situation by Hans Froelicher, Jr., who is generally regarded as our "Mr. Housing" in Baltimore, and is nationally known as president of the Citizens Planning and Housing Association, which has been instrumental in the rejuvenation of Baltimore's slum housing and in planning for a better-housed community generally.

Since quoting those extracts from his remarks as contained in a Baltimore Sun news story following a dinner of June 1 honoring Mr. Froelicher's 10th anniversary as president of the Citizens Planning and Housing Association, I have come into possession of the full text of the talk he delivered that night.

In view of the fact that it shows the problems of those civic-minded people in our communities trying to band together to help rid our cities of the slum blight, I think it would be appropriate to have it included in today's CONGRESSIONAL RECORD which also contains the debate on this housing bill, and so I ask unanimous consent that it be printed in full in today's RECORD.

But I should like to quote briefly from it right at this point:

Rebuilding and renewing a city takes as long as history. In fact, it is history. It takes the greatest part of the financial substance of each citizen. This places at the door of business an immense responsibility. Businessmen, and only businessmen, can make it possible for change to pay. How long shall we wait for Baltimore businessmen boldly to plan and execute a transformation like that in Pittsburgh? * * *

Bad housing is the cancer of our cities and for this cancer there are many tonics but only one specific. That specific is our acceptance of responsibility for our neighbors and ourselves with all the sense and ingenuity that we can muster.

I challenge each of you that there is very much to do. This challenge goes to you who know the problems and especially to you who face these facts for the first time tonight. What you owe is to yourselves because there is no one here whose health and home, whose wages and taxes, are not affected by our negligence. There is no one here who does not sink as the waters of living seek their lowest level.

Mr. Speaker, I think the philosophy this represents, coming from a man credited with accomplishing miracles in Baltimore's housing redevelopment and rehabilitation, should impress us all with the urgency of making redevelopment more practical and more effective, and that means a real public-housing program, not the halfhearted kind the President has suggested. Certainly it means doing much more than this bill proposes, for this is a bill to murder public housing within the year.

I wonder if the conferees who agreed to this anti-public-housing bill have ever seen and smelled and understood what slums are really like, and what they do to the human beings so unfortunate as to have to live in these wretched hovels. I do not see how anyone who has visited such neighborhoods could ever again question the need for public housing for those for whom private enterprise just cannot, as a practical matter, provide decent shelter.

As a last word, I would like to quote Hans Froelicher's recollection of his first tour of a slum area—his first introduction to a field in which he is now a nationally recognized expert. He said:

I must have touched something because I wanted nothing except to take a bath and burn my clothes. I could not bear the thought of food because I had seen and smelled a rotting mass in a filthy, faulty outside hopper.

Mr. Speaker, it is not a pretty picture to reconstruct here in the dignity and quiet elegance of the House Chamber, but it is a picture drawn from life—and it is our job to face life as it is and do what we can about improving those things subject to our jurisdiction. This is one area where failure of the Congress to act, where unyielding opposition to public housing, would reflect the same blindness to conditions that characterized Marie Antoinette's innocent remark that if the populace was unable to get bread, why do not they eat cake? She did not know any better; she had no way of knowing the people were starving.

Is Congress similarly unaware of the tragic housing needs of large segments of the American people? Are there Members here who believe, with Marie Antoinette's innocence, that people live in slums out of choice?

They live there, Mr. Speaker, not out of choice, but out of desperation. This bill condemns them to stay where they are—in the filth and in misery—and to raise their kids as best they can to love an America which seems to forget them.

Mr. Speaker, under unanimous consent of the House during my talk today on the conference report on the housing legislation, I include a moving speech entitled "Ten Years As a Volunteer" by Hans Froelicher, Jr., at a dinner in his honor in Baltimore on June 1. Mr. Froelicher, president of the Citizens Planning and Housing Association of Baltimore, has been the sparkplug stimulating Baltimore's remarkable progress in restoring housing standards in our community. But despite all this progress and Baltimore's national wide reputation for the work it has done in this field, he notes that Baltimore still has the highest percentage of dilapidated housing of any large city and that much remains to be done.

It is very fitting, I believe, that his philosophy of combatting housing blight should go into the same CONGRESSIONAL RECORD which contains the House debate on the issue of public housing, as it has been drawn in the conference report seeking to kill public housing.

Mr. Froelicher's address is as follows:

TEN YEARS AS A VOLUNTEER

(Address by Hans Froelicher, Jr., June 1, 1954)

The days ahead will never be enough in which to thank you for your thoughtfulness. That I must do tonight. That goes double for Joyce Froelicher and me. We love people and it is in our hearts to love and to trust them. For us, this night is a renewal of our faith—a wonderful sign, outward and visible. If tomorrow's light and duties cut us down to size, it will not be the same size. We shall be, to paraphrase the words of our Park School prayer, "a little happier and a little better for your influence." You have added to our size because you have, by coming here, inspired and wrought in us a greater dedication for tomorrow. Our deepest thanks to each of you.

I had my moment of vanity when it was first suggested that I might be the guest of honor tonight. Vanity passed, and following came fear: fear lest there be some who thought that naming one volunteer would be affront of arrogance toward the so very many others. Then fear was gone because I knew a story that should be told. I tell it as your volunteer-in-common.

I shall not try to unwind all the threads which have been shuttled into the pattern woven here tonight. For each part I have had, there have been so many, many others lending their talents and their devotion that time would run out if I tried to name their names. They know, and so do I, that we are a fabric: each one a thread to make the fabric strong and each one, in his especial hour, the thread to hold the whole together. This dinner is, therefore, much deeper than an individual honor. It is a testimony that there must be the volunteer in our democracy. Where volunteers are able to make good-objectives-for-citizens into good politics for politicians, they supply the leaven which can make democracy rise to its point of greatest realization: to the point where government is made to serve its citizens. Your presence here is recognition of this fact, a fact of which I am one symbol.

My story is a story of people, first a few, then more, then many, many more. I hesitate to call it a movement because even in its ever-increasing complexity it was at first and is now and always will be the people.

CPHA began in the minds of a few who saw the desolation and the waste there is in slums. Very simply, they decided that slums should be eliminated. They set out to enroll others in their tiny Citizens Housing Council. Social workers were the nucleus, but they knew from the beginning that a broader base was needed from which to work. At that time in Baltimore there was no housing code. A sample of public housing had slipped into the city in place of slums and there it was, un-understood. Urban redevelopment was a phrase to describe the dream of planners. The odds against housing reform were tremendous.

The social workers and their friends found other friends. They found professional people: planners, architects, lawyers, educators, representatives of labor, all seeking support for a dream. The tiny council became the Citizens Planning and Housing Association. It was launched with a series of seminars at the Peale Museum. That was where this one volunteer came in. I listened, and if I listened with dismay, I learned. I learned that there is no escape from the cost of blight to me even if I move from Bolton Street to Prettyboy. My wages must depend on the city's business health—on its piers, its stores, and its factories. The foundation stone of the city's business health is the city's real estate and nothing is more vulnerable to carelessness. Let a house, let a neighborhood run down and with such slippage go

tax values and then taxes. The blighted place costs more to run, more, much more, than it yields in taxes. This waste becomes the burden of our piers, our stores, and our factories. This is not all. No one has invented the bookkeeping machine which calculates the cost to me of the crime and the illness fostered by, and festering in, an overpopulated slum. But any man can tell when a slum disease moves into his family and when a slum-bred highwayman snatches his woman's purse and slugs him or slugs his peaceful neighbor. If I am impelled blithely to traipse to Prettyboy from Bolton Street, what absurdity is there if a business moves from Canton (Baltimore) to Canton (Ohio)? I cannot simply stand aghast at the cost of slums, nor can I move away when I know there is a place at which a part of this could stop. For me, myself alone, I owe what hard and commonsense I can hammer out to save my wages, my body, and my spirit.

I heard all this. On all this I pondered. And then I went to see. I took a slum tour.

For the first time I sensed a slum. I had been there before, but I had traveled with passing glance. This time my senses took them in.

I must have touched something, because I wanted nothing except to take a bath and burn my clothes. I could not bear the thought of food because I had seen and smelled a rotting mass in a filthy, faulty outside hopper. Most ominous of all was the way the neighborhood drew in its skirts. Shutters closed, children were beckoned into their houses. I was an intruder, I was resented. Here and there I saw a potted plant, a trim curtain, or a little girl in starched and spotless gingham. How come these somethings? Was there some hope in this? Was there ought a man could do?

Never was greater call for doing good. Never was a "do-gooder" more useless. Indignation was not enough. People must change. Slum dwellers, slum landlords, comfortable citizens, indignant citizens, lawmakers, officials, newspapers, and schools. Before people can change, people must know. And when they know, there must be clamor. The first job of CPHA was to set out to raise this clamor. The voice of a few must become the voice of many.

Years pass, and I visit another slum—this time with the boys and girls of my school. The conditions are similar, but the atmosphere is somehow changed. Intruders, no, nor meddlers either. We were invited into houses. We and the policeman who guided us were welcomed as friends. This was 10 years and a thousand events later. Those busy years had made a city aware of its blight. Its officials had done something. Supported and urged by a clear public voice, the city had begun to move in. The city and its people do care. "Slumming" has a new meaning now. A carnival of visitors is the forerunner of action toward something better. Those visited know this. Fifth, decrepitude, and exploitation cannot continue.

This now is a city's will.

These are not idle words. They are facts: 200 square city blocks of blighted homes have been improved under the Baltimore plan; 130 acres of slum dwellings have been cleared away to make room for something better—that is, 7,000 dwelling units of public housing and 2 private redevelopment projects; 24,000 outside toilets have been removed and we are no longer champions in this statistic. A million board feet of rotting fences have come down. A housing court is an accepted part of our judicial system. Our housing code has been rewritten with a new level of minimum standards for all. A Housing Bureau, fortified by this code and our court, has now sufficient capacity and experience to carry forward rehabilitation by neighborhoods instead of piecemeal. Directly benefited by all of this are thousands of our neighbors directly and indi-

rectly, hundreds of thousands have had a level up. Behind and around all this is the planning to make these many works coordinate and lasting, now coming onto blue-print paper in the form of a master plan for the land-use of an entire city. Each step a battle, in sum this progress is imposing triumph for a city, for its mayor, its city council and its people. These are the accomplishments of a city's officers. They are the experts; they are the doers, the builders, and they will sign the reports. To them all honor. Back of them the volunteer, whose place we celebrate tonight—no longer one, or few, or alone. Our 2,000 are a nucleus of many interests and with such interests we make and keep alliance. Our volunteers now are disciplined volunteers and often, if you please, professional volunteers. They have learned that good intent is by itself of little worth.

How many of you can echo, from his own experience, my unconfidence of many years ago? How many times you and I have tried to do something of worth only to have it fail because, as volunteers, we could not give the time and constancy demanded. I was unconfident because I knew that when my time was needed by my school, school would come first and slums would have to drift. My school was always first but the slums never drifted. I discovered that the professional was the necessary complement and partner of the volunteer. When I must default, the staff stepped in and found my substitute. We carried on, though I could not. That is how, working together, CPHA has been able to bring its major projects to result.

We found much more depended on our staff. They were the agencies of our discipline—our constancy and our consistency. Not only did they find us the facts, but with patience and with understanding, they made us masters of the facts.

Forgive an interruption. And, Frances, forgive a disobedience. Frances' orders were to stick to the volunteer and not to mention her.

I have been describing a technique, yes, but one which has been developed with artistry and love by an artist.

What loss there would have been if the callow social worker who wrote the Study of Wards 5 and 10 had called that her day. Fortunate are we because her courage and devotion have builded on that start of startling facts and because each of her days is lived for making new tomorrows.

I turned to William Wordsworth for a way to talk of Frances. There were two poems from which to choose, one titled "She Was a Phantom of Delight," the other "Ode to Duty." See my quandary when I read in the Ode to Duty:

"Stern Daughter of the Voice of God,
Oh Duty! if that name thou love,
Who art a light to guide, a rod
To check the erring, and reprove."

And turning back to the first poem, I read:

"I saw her upon nearer view
A Spirit, yet a Woman, too!
A creature not too bright or good
For human nature's daily food;
For transient sorrows, simple wiles.
Praise, blame, love, kisses, tears, or smiles."

"And yet a Spirit still, and bright
With something of angelic light."

No quandary now, I had to reach them both.

Now back to the volunteers.

Out of this has come a catalog of volunteers at the service of our city: Social workers, architects, lawyers, labor leaders, educators, businessmen, and housewives, who have trained themselves to be experts on a city's business. Many and many a time the drudgery of the office has been done by those who

could afford to give us that exactly. Today, no matter what the crisis, we have those to whom we may apply. Whether it be the mailing of a thousand things, a public hearing, or the final touches on a city plan, we have those who are ready and who come. They come and they have come because they and their predecessors have been successful in bringing about community change.

Each successful volunteer has brought in more. In this way, group after group has become identified with the objectives of a city. We have reached into groups as we have needed them and they have needed us. If we started with social workers, shortly we found the social workers joined by planners.

The first triumph of the social-work group was, believe it or not, to find tenants for public housing. The first triumph of the planners was to find citizens who understood their ambitions for a city. With them came architects, educators, others. Planners and businessmen were working up the idea of redevelopment. In us they found a public to back them up.

Redevelopment legislation was put on the books, but it was long years before there was redevelopment. While it was left in ferment, CPHA had pressing problems to face. One work of 7 years was the reconstitution and reorganization of the Housing Authority to the end that it should serve its purpose. The other problem was that of furnishing a force of public opinion to back up the "Baltimore plan" in its embryo stage of law enforcement. Our natural allies here were those who worked with real estate and mortgages. Some of this group, who joined our board, picked up the torch of law enforcement. Their concentrated work advanced this program to a new frontier for Baltimore and a deeper frontier for the country at large. A Baltimore plan of neighborhood rehabilitation is now a nationally espoused purpose of the mortgage bankers, the home builders, and the real estate men.

Through the years CPHA has helped the public schools to learn that they are not helpless in this problem of their neighborhoods. They have found 100 ways to arm their children with the hope for better living and the feeling that they themselves can do something.

The latest group to join with us is the improvement associations. Today neighborhood organizations are pioneers. A Mount Royal group, for instance, invited the city to come in with its neighborhood rehabilitation program. Then, they rose as a man to hold fast to the plan for a State office building in area 12. They found that their interest was the interest of a whole city and they used our staff as their asset of education and consistency. As of now, they have borrowed a leaf from our book and have their own executive secretary.

I have told you a story of success but Baltimore is not yet successful. Baltimore has lost its leadership in outside toilets but still has the highest percentage of dilapidated housing in any large city. Slums, a city's most expensive luxury, remain a gold mine for some. This is a tough and disagreeable business. Baltimore cannot relax.

CPHA is no exclusive club. We must enlarge our circle in order to carry on and in order to bring to bear a city's conscience on its problems. We must see to it that we reach the potential volunteer of any age.

Unrealized and untapped is the strength that we must see and develop in those who by necessity live in slum neighborhoods. This means a close partnership between the schools and those who work in social welfare and church groups. CPHA must help groups in every neighborhood to make their voices heard and to make their own partnerships with the agencies of the city.

It must help those city agencies to discover and use this potential in citizen interest.

Here we might cite the citizen support now building in the field of recreation.

Rebuilding and renewing a city takes as long as history. In fact, it is history. It takes the greatest part of the financial substance of each citizen. This places at the door of business an immense responsibility. Business men and only business men can make it possible for change to pay. How long shall we wait for Baltimore business men boldly to plan and execute a transformation like that in Pittsburgh?

We are proud of our sister organizations: The Citizens Planning and Housing Association of Annapolis, the Howard County Citizens Planning Association, and the representatives of Pittsburgh, Philadelphia, New York, Boston, Cincinnati, and Washington housing associations who are here tonight. We are convinced that in each community there must be a voice which is clear and confined to this specific public interest, and it is our purpose to help foster such developments elsewhere.

Bad housing is the cancer of our cities and for this cancer there are many tonics but only one specific. That specific is our acceptance of responsibility for our neighbors and ourselves with all the sense and ingenuity that we can muster.

I challenge each of you that there is very much to do. This challenge goes to you who know the problems and especially to you who face these facts for the first time tonight. What you owe is to yourselves because there is no one here whose health and home, whose wages and taxes, are not affected by our negligence. There is no one here who does not sink as the waters of living seek their lowest level. Compassion or dismay are motive power, but they are not enough. Each must make the journey of his spirit from the selfishness of self-protection or the selfishness of "doing good" to the selflessness that shouts: This can and must be done by us. There is no short, no simple way. Each first must know the facts: our city's policy, its money, and its servants and their plans. Each then must share and push—giving at each crisis his time or thought or money. This is no one-shot sale, nothing to "file and forget." This is your part, our part, in making work our urban, industrial civilization. It is setting a standard for living which is not of things, but of responsibility.

There is no they to do it for us, so the myth of them must be exposed. It is given to each generation to give new meaning to the honored phrase, "We, the people." To this end I pledge the next years of CPHA. Into this process, we invite you. Into such process the year 1954 commands you.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I am sure we were all impressed with that very eloquent and emotional appeal by the gentleman from Illinois [Mr. O'HARA]. I am not so sure that he correctly stated what the issue will be before the country this year. I am impressed with the fact that the issue before the country should be whether we are going to be able to perpetuate this glorious young republic, the last haven of refuge of the free people on the face of the earth and not permit it to be bankrupt and become a prey to communism. I think the question should be whether we are going to be able to have a balanced budget; whether we are going to be able to operate this Government on a sound fiscal policy.

Mr. Speaker, when this matter was under consideration before on sending

the bill to conference, some of us wanted to have a showdown then on that question, and we had quite a colloquy here, with the understanding, we thought—those of us who opposed this socialistic scheme—that we would have a direct vote on whether we are to have any new public housing. I understand now that the gentleman from Kentucky [Mr. SPENCE] will exercise his right, and I think he has it under the rules of the House, to offer a motion to recommit the bill. With instructions to bring in an authorization for 140,000 units. This will preclude the carrying out of that agreement.

Mr. SPENCE. I was not a party to any agreement.

Mr. COLMER. The gentleman was here when the agreement was made. Let me go on, if I may.

The issue is coming on a motion of the gentleman from Kentucky [Mr. SPENCE] when he wants to reinstate 140,000 units. That was the same question that we had under consideration in this House on April 2 of this year on a similar situation with which we are confronted today, a motion to recommit, made by the gentleman from Missouri [Mr. BOLLING] to put these 140,000 units in, and this House voted, by a resounding majority, against that motion and provided for the winding up of the public housing program. Here is the record showing how each of you voted. And I think it is only fair to say that this group which sits on my right, the northern Democrats, who believe in that philosophy, voted for the motion.

A large portion of the group which sits on my left, Republicans, are opposed to that philosophy. They voted their philosophy against public housing. That was on April 2.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to the gentleman briefly, but I have not much time.

Mr. WOLCOTT. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. HALLECK. The gentleman has referred to the debate that took place here at the time we sent this measure to conference. That was on June 17. I just want at this point to make my position perfectly clear. I have the copy of the CONGRESSIONAL RECORD before me and I have read all that was said by the different Members.

At that time the issue was whether or not certain people who were opposed to public housing should make a motion to instruct the conferees but would forgo that; that when the conference report came back if it included public housing then the way to get at it directly and to raise the issue, to present it, would be to make a motion to recommit to strike out public housing. I made that suggestion as far as I was concerned in good faith.

There were numerous statements made by the gentleman from Mississippi and by the gentleman from Virginia [Mr. SMITH] in line with that suggestion; and as the gentleman pointed out, as far as I can discover in the RECORD, there was no suggestion that any effort would be made to deprive the gentleman or any

of his colleagues who have been in opposition to public housing of the right to make the motion to recommit.

Of course, as the gentleman points out, the rules are otherwise. If the gentleman from Kentucky insists on the motion to recommit, then, of course, the Speaker would be required to recognize him. But, again, as far as I am concerned I want to make it clear that those statements are made by me, and if there were any way now to see that that obligation that was created could be carried out I certainly would do it.

Mr. COLMER. Permit me to say in reply that the Member now addressing the House has not charged the Majority Leader with bad faith nor has he charged the gentleman from Kentucky with bad faith. All I can say is that it is a very unfortunate situation that has arisen here. Personally I would want to see the whole thing thrown out, but we have gotten ourselves into this situation and you are going to be called on now very shortly to say whether you are going to stand by your convictions of April 2 when you knew what the President's program was then as well as you do now, or whether you are going to change. That is the whole issue involved.

I might add, Mr. Speaker, that in view of the provisions of the bill and the decision of the packed Supreme Court denying segregation in these projects that it would be most difficult if not impossible for Members from my section of our common country to vote for any number of units, regardless of how small.

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. WIDNALL].

[Mr. WIDNALL addressed the House. His remarks will appear hereafter in the appendix.]

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD and have 5 legislative days in which to revise and extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mrs. BUCHANAN. Mr. Speaker, the motive behind this conference report stands stark and clear for all to see—it is to bring the public-housing program to an end as quietly and effectively as possible. Of course, it follows the pattern of all the other administration programs against the public interest. It is all tied up with pretty bows and ribbons in a desperate attempt to make the people think they are getting something. For even the most bitter foes of public housing know that the people want an adequate program providing decent shelter for low-income groups.

The bows and ribbons in the conference report—the sugar-coating—is the authorization for 35,000 additional public-housing units during the fiscal year 1955. But this authorization is subject to the limitation that a low-rent housing project may be undertaken only where a slum-clearance program is being carried out and there is a certification that the

project is needed for families displaced by the slum-clearance operations.

Now, this limitation is not only directly opposed to the program as presented by the President in his budget, but also to the recommendations of the President's Advisory Committee on Government Housing Policies and Programs. It is important to note that this 23-man committee, made up predominantly of representatives from private real-estate and financial interests, recommended the continuation of the public-housing program as contained in the Housing Act of 1949 to meet the continuing housing needs of low-income families pending demonstrated progress of other programs recommended by the Committee.

There is not the slightest evidence in the recommendations of the President's Advisory Committee that public housing should be restricted to families displaced by slum clearance activities. On the contrary, there is every indication that this committee recognized a continuing need for public housing until it becomes clear that the private housing market could take care of the problem without the need for direct subsidies.

The report of the Advisory Committee shows that 29 percent of the families in public housing were receiving public or private relief or were recipients under social security or other public pension or payment plans. Over 26 percent of the families admitted are broken families; that is, families with children but only 1 adult present. And during 1952 the average annual income of families admitted was \$1,986.

Nearly half of the families admitted are families of veterans or servicemen.

During the years 1952 and 1953 only 7 percent of families admitted to public housing were families who had preference because they were displaced from title I or other public slum clearance sites.

Thus, it is clear that the great proportion of families who need public housing assistance would not be eligible under the conference committee substitute. This provision is a cruel sham and a fraud upon the millions of families who are living in crowded, unsanitary, and substandard conditions.

It would not be possible under this conference substitute to relieve overcrowded slums in planned stages. For example, if there were 3 families living in a substandard dwelling, it would be impossible to take 1 of the families out and give it public housing assistance. It would be necessary to tear the whole unit down and displace all three.

Families of low-income veterans and servicemen, making up nearly half of current admissions, could not have units planned for them unless they were to be displaced. This bill extends veterans' preference for another 5 years, a provision to be commended, but at the same time it says: "No, no, veteran, there's no housing for you unless you have been displaced."

Let us see how this program before us today will help my own district, an area which is in desperate need of housing. During 1953, in the city of McKeesport, for example, a total of 81 families were

admitted to public housing units and not one—not a single one—had been displaced. And in Pittsburgh only 3 percent of all families admitted to public housing during the years 1951 through the first half of 1954 were displaced. These figures, which are typical of the rest of my district, are graphic proof of how effectively this provision will result in as few public housing units as the foes of the program could devise under a token authorization.

Is there no limit, Mr. Speaker, to the lengths this administration will go in removing the substance and leaving only the form of all legislation dedicated to the people's interest?

We all know that if the administration sincerely wants more than a token housing authorization it can get the votes to recommit this bill. We saw only a few days ago when the administration farm program was here, how effectively it could apply pressure in behalf of legislation it really wants.

Let us recommit this bill and insist that it be amended to include the bare minimum of 140,000 units over a 4-year period as recommended by the President and passed by the Senate.

Mrs. SULLIVAN. Mr. Speaker, I realize that it is impossible to have complete unity within any national political party on every issue or even on any single issue. But when it comes to the Republican Party and this issue of public housing, I must admit I am puzzled and confused.

The Eisenhower wing of the Republican Party, after first expressing uncertainty about it and studying it thoroughly and carefully, finally recommended a continuation of the public housing program. But the so-called Taft wing of the party fights savagely against any public housing, and in this bill seems to have succeeded in killing public housing by next year, unless a Democratic Congress is elected in November.

But here is why I am so puzzled: The leader during his lifetime of the Taft wing of the Republican Party, the man who gave his name to that wing of the Republican Party, was one of the great friends of the public housing program. He was a co-author of the Housing Act of 1949, the public housing provisions of which this present housing bill would repeal.

Is it a case of the Eisenhower wing of the party now following the late Senator Taft's philosophy—at least in part—on public housing, while the founder of the Taft wing of the party is deserted on this issue by his own following?

Some of our Republican colleagues, Mr. Speaker, have joined in promoting the establishment of a foundation to honor the principles which Senator Taft fought for during his lifetime. Wouldn't this issue of public housing be as good a place as any in which to honor the Senator's principles?

To me, Mr. Speaker, there is no more fitting tribute to be paid to a leader who has passed on than to build in his memory the kind of monuments that provide happiness for people. And there is nothing which is more conducive to happiness for American families than a de-

cent home environment in which to raise children.

I respectfully suggest to my Republican colleagues, Mr. Speaker, that they forget their animosity to the public housing program, and forego the pleasure they may get out of killing the public housing program, in order to honor the late Senator Taft by continuing a program of government in which he deeply believed—a program of government which brings happiness to families now living in indescribable conditions of misery and poverty and dirt.

I shall vote to recommit the bill to conference to restore the public housing program, and I hope enough of our Republican colleagues will join us in that—as a monument to Senator Taft—to enable us to save the small portion President Eisenhower has seen fit to recommend of the broad-scale humanitarian program enacted at President Truman's request in 1949 with Senator Taft's enthusiastic assistance.

Mr. HOWELL. Mr. Speaker, every recognized expert in the field of housing and municipal planning tells us that we have it within our power to rid the United States of substandard housing and provide decent homes for all of our people and to do it without straining our economy.

But it takes planning and it takes foresight. It takes boldness. There is none of that in this housing bill. This is a bill which sets as a goal the construction of 1 million homes a year of which only 35,000 units—for only 1 year—are to be public housing.

Will that solve our problems? The answer is very definitely, "No."

Recently, Dr. William L. C. Wheaton, University of Pennsylvania authority on city planning, reported to the National Housing Conference, that at a rate of 1 million new homes a year, our substandard housing units will never be replaced and we will have more substandard housing in 1970 than we had in 1950.

And even if we double the rate to 2 million units a year, and rehabilitate 400,000 additional units a year, he says that by 1970 an estimated 5 million American families will still be living in houses which were considered slums or substandard in 1950.

Yet we argue here over the meager 140,000 units of public housing which the President has recommended be started in the next 4 years. The die-hard opposition of the Republican leadership in the House Banking Committee shows up in this conference bill, for it allows only 35,000 units altogether, as a last and final gasp for public housing, and then it is dead.

This is the third time we have argued out the public housing issue in the House in this session. First, it was on the appropriation rider, then on the omnibus housing bill, as it first went through the House, and now on the conference report on this bill. Each previous time, public housing has lost. The record is pretty clear that a majority of the majority party here is determined to kill public housing. It has in this conference bill one last chance in this Congress to

hit the "sawdust trail," repent, and back up its own President in this matter. What will the answer be?

Will the House take the initiative now and recommend this bill with instructions to reinsert the Eisenhower public housing program? Or, will we wait for the Senate to take that action?

Are we going to jockey this thing around so much over the puny public housing program the President recommended that we jeopardize passage of the other features of the housing law and let all the FHA and VA housing programs expire at the end of this month?

A housing bill which does not include reasonable provisions for public housing is an incomplete housing bill. An incomplete housing bill may very well die in the adjournment rush. If that happens, the enemies of public housing will have won a hollow victory, for they will have destroyed the very foundation for the whole private enterprise housing industry in the United States.

It seems to me a pretty serious risk to take for people who profess to be concerned about private enterprise.

Mr. GRANAHAH. Mr. Speaker, I will vote to recommit the housing bill to restore the Senate provision dealing with public housing. This would provide the 35,000 units a year for 4 years which the President recommended. That is the very least Congress could provide and still pretend it was continuing public housing.

Talk and argument will not affect the outcome at this point. It is simply a question of whether President Eisenhower has lined up, or can line up, enough Republicans in the House to join with the Democrats in recommitting this bill.

Both in the 80th Congress and in this one, Republican majorities in the House have killed and buried public housing. If this bill passes in its present form, it will no longer be possible for those Republicans who support public housing to claim that their party as a party or any substantial part of it in the Congress believes in decent housing for low-income people.

Permitting only 35,000 units to be built and limiting those units only to families displaced by redevelopment, is not a public housing program but a device to end public housing altogether.

This is an issue the Democratic candidates in every urban area of the country—and in many rural areas too—will find made to order in November for a Democratic victory. It is the 80th Congress housing performance all over again.

Mr. BARRETT. Mr. Speaker, the reason I voted to recommit the Housing Act of 1954—H. R. 7839—is because it did not contain an adequate public-housing program. The President requested authorization for construction of 140,000 public housing units over a 4-year period. The measure reported to us today by the Senate-House conferees authorized only 35,000 units of public housing. I think H. R. 7839 should have been sent back to the conferees with instructions to amend section 101 to read as passed by the Senate and recommend-

ed by the President, that is, to authorize 140,000 public housing units so that the blighted areas of our large cities such as Philadelphia can be wiped out and decent homes established for our low income families.

Many sections of H. R. 7839 are advantageous to persons with much more comfortable standards of living. These inequities should be balanced by giving the poor and needy housing commensurate with the economic development of our country.

However, in view of the failure to recommit H. R. 7839 by a vote of 156 to 234, I have reluctantly voted in favor of passage of the Housing Act of 1954 so as not to deprive the larger cities of the Nation of the meager allocation of the public housing units which they will be authorized out of the 35,000 provided in this measure. I feel confident that if the persons who opposed the 140,000 units will, in the future, take a keener interest in the slum areas of the Nation they will regret their present opposition to public housing. I feel equally confident that the public will announce its displeasure with the Housing Act at the right time in November.

Mr. BYRNE of Pennsylvania. Mr. Speaker, the conference report on the Housing Act of 1954, which is before us today, falls short of the provisions recommended and passed by the Senate before it went into conference. At that time the Senate had approved a bill providing for 35,000 public housing units per year for the next 4 years. The conferees have presented us with a measure which provides for only 35,000 public housing units for the next fiscal year. We are today asked to vote for passage of this legislation.

This act first passed the House 3 months ago with no provision for the construction of public housing units after this year. This action was taken in spite of the fact that the Committee on Banking and Currency had recommended that 20,000 units be built in the coming year, and in spite of the fact that President Eisenhower, following the pattern set by his Democratic predecessor, had asked for the approval of 35,000 units per year for the next 4 years. The Senate approved a measure which included this latter provision. The bill went to conference with no disagreement on this very important feature of the bill.

It is vitally necessary to the stable economy of the Nation that the low-rent public-housing program be continued. Healthy citizens need healthy atmospheres. Since 1923 our population has increased by almost 50 million. Obviously housing requirements have increased proportionately. But housing construction even at this time does not appear to make adequate provision for those desperately in need of housing. Furthermore, new private housing costs are extremely prohibitive to a great many people, and particularly to the people of my district. In Philadelphia alone, an average price for a new home privately constructed is in the neighborhood of \$11,500. Rental costs generally start at about \$80 a month in

a privately owned apartment development. While these figures may seem to be reasonable to many of us, they are exorbitant to low-income families who are necessarily forced to live in old, sub-standard housing units in which conditions are often deplorable. Many of my constituents live in crowded dwellings, some of which have none of the sanitary facilities which you and I take for granted. There are no yards or play areas surrounding such places, and thus our youngsters are forced to amuse themselves along the streets and alleys of the city. This is a major cause of the high crime rate and the high incidence of juvenile delinquency. Surely none would deny that such an atmosphere is not conducive to a physically and emotionally stable family life.

Low-rent public-housing and the slum-clearance program go hand in hand to contribute to a better America. Good housing makes good citizens. I am proud to be able to vote for it and hope to see it a reality in the not-too-distant future.

Mr. ELLIOTT. Mr. Speaker, I shall vote to recommit the conference report on housing, with instructions to the conferees that the bill be brought back with President Eisenhower's program for at least 35,000 units of public housing written into the bill.

The bill before us speaks of public housing, but actually there is no public housing in the bill.

The public housing in the bill is housing in name only. It is so surrounded with restrictions and limitations that it amounts to no housing.

Under the Housing Act of 1949, 22 housing projects were constructed in the Seventh Congressional District of Alabama. These 22 projects are located in the following 18 towns: Bear Creek, Boston, Carbon Hill, Cordova, Cullman, Guin, Hackleburg, Haleyville, Hamilton, Jasper, Millport, Oneonta, Phil Campbell, Red Bay, Reform, Russellville, Vernon, and Winfield.

Seven hundred and thirty-eight units of housing have been constructed in these towns. They cost about \$7 million.

Program reservations are pending for the building of 44 units in Aliceville, Ala.; 24 units in Berry, Ala.; 4 units in Winfield, Ala.; 12 units in Hanceville, Ala.; 4 units in Oneonta, Ala.; 16 units in Vernon, Ala.; and 8 units in Haleyville, Ala.

All activities on these programs were suspended during the fiscal year just ended, because of the restrictions which this Congress wrote into the Independent Offices Appropriation Act for the 1954 fiscal year.

Now, with the restrictions written into the bill before us, there will be no chance to build these projects in the 1955 fiscal year.

Also, Dora, Ala., has applied for 60 units; Oakman for 60; Sulligent for 60; and Cullman for 70 additional units. Under the restrictions written into the conference report before us none of these can be approved or built.

Mr. Speaker, all across this country local communities have made their applications for public housing. The development program leading to construction

has gone so far, in many cases, that the actual site for construction has been approved. If the majority party is bent on killing public housing, it should at least allow construction of all projects that have gone this far.

I think this program should go forward. The need for public housing is just about as great in America today as it ever was. We have barely scratched the surface in most of the country.

I am also disappointed that there is nothing in the bill before us carrying on the direct-loan program for veterans housing. I understand, however, that it will come to us later in a separate bill. This Congress should not adjourn until it has provided more money for this program.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The **SPEAKER.** The question is on the conference report.

Mr. SPENCE. Mr. Speaker, I offer a motion to recommit.

The **SPEAKER.** Is the gentleman opposed to the conference report?

Mr. SPENCE. I am.

The **SPEAKER.** The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. SPENCE moves to recommit the conference report on the bill H. R. 7839 to the committee of conference with instructions to the managers on the part of the House to include in such report, in lieu of section 401 (1) thereof, a provision carrying out the 4-year program for 140,000 new public housing units as set forth in the President's housing message submitted to the Congress on January 25, 1954.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The **SPEAKER.** The question is on the motion to recommit.

Mr. SPENCE. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken and there were—yeas 156, nays 234, not voting 44, as follows:

[Roll No. 107]

YEAS—156

Addonizio	Corbett	Green
Albert	Coudert	Hagen, Minn.
Aspinall	Cretella	Halleck
Auchincloss	Crosser	Hand
Ayres	Curtis, Mass.	Harden
Bailey	Dague	Hart
Baker	Dawson, Ill.	Hays, Ark.
Barrett	Deane	Hays, Ohio
Bender	Delaney	Heseltun
Blatnik	Dollinger	Holifield
Boggs	Donohue	Holmes
Boland	Donovan	Holtzman
Bolling	Dorn, N. Y.	Howell
Bolton,	Doyle	Javits
Frances P.	Eberharter	Johnson, Wis.
Bowler	Edmondson	Jones, Ala.
Bray	Elliott	Judd
Brooks, Tex.	Engle	Karsten, Mo.
Buchanan	Feighan	Kean
Burdick	Fine	Kearney
Byrd	Fino	Kee
Byrne, Pa.	Fogarty	Kelley, Pa.
Canfield	Forand	Kelly, N. Y.
Cannon	Frelinghuysen	Keogh
Carnahan	Friedel	King, Calif.
Carrigg	Fulton	Kirwan
Celler	Garmatz	Klein
Chelf	Goodwin	Kluczynski
Chudoff	Gordon	Lane
Condon	Granahan	Lantaff

Lesinski	O'Neill
McCarthy	Patterson
McCormack	Pfost
Machrowicz	Polk
Mack, Ill.	Price
Madden	Rabaut
Magnuson	Radwan
Marshall	Rains
Merrow	Rayburn
Metcalf	Reams
Miller, Kans.	Rhodes, Pa.
Mollohan	Robison, Ky.
Morano	Rodino
Morgan	Rogers, Colo.
Moss	Rogers, Mass.
Moulder	Rooney
Multer	Roosevelt
Natcher	Sadlak
O'Brien, Ill.	St. George
O'Brien, Mich.	Saylor
O'Brien, N. Y.	Scott
O'Hara, Ill.	Seely-Brown
O'Konski	Shelley

NAYS—234

Abbitt	Gamble	Neal
Abernethy	Gary	Nelson
Adair	Gathings	Nicholson
Alexander	Gavin	Norblad
Allen, Calif.	Gentry	Norrell
Allen, Ill.	George	Oakman
Andersen,	Golden	O'Hara, Minn.
H. Carl	Graham	Ostertag
Andresen,	Gregory	Passman
August H.	Gross	Pelly
Andrews	Gubser	Phillips
Arends	Gwinn	Pilcher
Ashmore	Hagen, Calif.	Pillion
Bates	Hale	Poage
Battle	Haley	Poff
Beamer	Hardy	Preston
Becker	Harrison, Nebr.	Priest
Bennett, Fla.	Harrison, Va.	Prouty
Bennett, Mich.	Harvey	Ray
Bentley	Hébert	Reece, Tenn.
Bentsen	Herlong	Reed, Ill.
Berry	Hiestand	Reed, N. Y.
Betts	Hill	Rees, Kans.
Bishop	Hillelson	Rhodes, Ariz.
Bolton,	Hillings	Richards
Oliver P.	Hinshaw	Riehlman
Bonin	Hoeven	Riley
Bonner	Hoffman, Ill.	Rivers
Bosch	Hoffman, Mich.	Roberts
Bow	Holt	Robeson, Va.
Bramblett	Hope	Rogers, Fla.
Brown, Ga.	Horan	Rogers, Tex.
Brown, Ohio	Hosmer	Schenck
Brownson	Hruska	Scherer
Broyhill	Hunter	Scrivner
Budge	Hyde	Scudder
Burleson	Ikard	Selden
Busbey	Jackson	Shafer
Bush	James	Sheehan
Byrnes, Wis.	Jarman	Sheppard
Campbell	Jenkins	Shuford
Carlyle	Jensen	Simpson, Ill.
Cederberg	Johnson, Calif.	Small
Chatham	Jonas, Ill.	Smith, Kans.
Chenoweth	Jonas, N. C.	Smith, Miss.
Church	Jones, Mo.	Smith, Va.
Clardy	Jones, N. C.	Smith, Wis.
Clevenger	Kearns	Stauffer
Cole, Mo.	Keating	Stringfellow
Cole, N. Y.	Kilburn	Taber
Colmer	Kilday	Talle
Cooley	King, Pa.	Teague
Coon	Knox	Thomas
Cooper	Krueger	Thompson,
Cotton	Laird	Mich.
Crumpacker	Landrum	Tuck
Cunningham	Lanham	Utt
Curtis, Mo.	Latham	Van Pelt
Davis, Ga.	LeCompte	Van Zandt
Davis, Tenn.	Lipscomb	Velde
Davis, Wis.	Lovre	Vinson
Dawson, Utah	McConnell	Vorys
Dempsey	McCulloch	Vursell
Derounian	McDonough	Warburton
Devereux	McIntire	Watts
D'Ewart	McMillan	Westland
Dies	McVey	Wharton
Dolliver	Mack, Wash.	Whitten
Dondero	Mahon	Wickersham
Dorn, S. C.	Martin, Iowa	Williams, Miss.
Dowdy	Mason	Williams, N. Y.
Durham	Matthews	Wilson, Calif.
Ellsworth	Meador	Wilson, Ind.
Evins	Merrill	Wilson, Tex.
Fenton	Miller, Md.	Winstead
Fernandez	Miller, Nebr.	Wolcott
Ford	Miller, N. Y.	Young
Forrester	Mills	Younger
Fountain	Mumma	
Frazier	Murray	

NOT VOTING—44

Angell	Harrison, Wyo.	Philbin
Barden	Heller	Powell
Belcher	Hess	Regan
Boykin	Kersten, Wis.	Secrest
Brooks, La.	Long	Short
Buckley	Lucas	Sieminski
Camp	Lyle	Sikes
Chiperfield	McGregor	Simpson, Pa.
Curtis, Nebr.	Mailliard	Sutton
Dingell	Miller, Calif.	Thompson, La.
Dodd	Morrison	Thompson, Tex.
Fallon	Osmers	Weichel
Fisher	Patman	Wheeler
Grant	Patten	Willis
Harris	Perkins	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Morrison for, with Mr. Wheeler against.
Mr. Buckley for, with Mr. Camp against.
Mr. Heller for, with Mr. Barden against.
Mr. Dodd for, with Mr. Regan against.
Mr. Perkins for, with Mr. Lyle against.
Mr. Dingell for, with Mr. Fisher against.
Mr. Powell for, with Mr. McGregor against.
Mr. Sieminski for, with Mr. Sikes against.
Mr. Angell for, with Mr. Osmers against.
Mr. Kersten of Wisconsin for, with Mr. Hess against.
Mr. Philbin for, with Mr. Harrison of Wyoming against.
Mr. Patman for, with Mr. Lucas against.
Mr. Miller of California for, with Mr. Thompson of Louisiana against.
Mr. Patten for, with Mr. Willis against.
Mr. Secrest for, with Mr. Boykin against.

Until further notice:

Mr. Simpson of Pennsylvania with Mr. Fallon.
Mr. Short with Mr. Grant.
Mr. Chiperfield with Mr. Harris.
Mr. Belcher with Mr. Brooks of Louisiana.
Mr. Curtis of Nebraska with Mr. Long.
Mr. Mailliard with Mr. Thompson of Texas.
Mr. Weichel with Mr. Sutton.

Mrs. ST. GEORGE changed her vote from "nay" to "yea."

Mr. BURDICK changed his vote from "nay" to "yea."

Mr. HAGEN of Minnesota changed his vote from "nay" to "yea."

Mr. MILLER of New York changed his vote from "yea" to "nay."

Mr. ROGERS of Texas changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The **SPEAKER.** The question is on the conference report.

Mr. GAMBLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 358, nays 30, not voting 46, as follows:

[Roll No. 108]

YEAS—358

Abbitt	Bailey	Boland
Adair	Baker	Bolton,
Addonizio	Barrett	Frances P.
Albert	Bates	Bolton,
Alexander	Battle	Oliver P.
Allen, Calif.	Beamer	Bonin
Allen, Ill.	Becker	Bonner
Andersen,	Belcher,	Bosch
H. Carl	Bender	Bow
Andresen,	Bennett, Fla.	Bowler
August H.	Bennett, Mich.	Bramblett
Andrews	Bentley	Bray
Arends	Bentsen	Brooks, Tex.
Ashmore	Berry	Brown, Ga.
Aspinall	Betts	Brown, Ohio
Auchincloss	Blatnik	Brownson
Ayres	Boggs	Broyhill

Budge
Burdick
Burleson
Byrd
Byrne, Pa.
Byrnes, Wis.
Campbell
Canfield
Cannon
Carlyle
Carnahan
Carrigg
Cederberg
Chatham
Chelf
Chenoweth
Chudoff
Church
Clardy
Cole, Mo.
Cole, N. Y.
Condon
Cooley
Coon
Cooper
Corbett
Cotton
Coudert
Cretella
Cresser
Crumpacker
Cunningham
Curtis, Mo.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wis.
Dawson, Ill.
Dawson, Utah
Deane
Delaney
Dempsey
Derounian
Devereux
D'Ewart
Dies
Dolliver
Dondero
Donohue
Donovan
Dorn, N. Y.
Dorn, S. C.
Dowdy
Doyle
Durham
Edmondson
Elliott
Ellsworth
Engle
Evins
Feighan
Fenton
Fernandez
Fino
Fogarty
Forand
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gathings
Gavin
Gentry
George
Golden
Goodwin
Gordon
Graham
Granahan
Green
Gregory
Gross
Gubser
Hagen, Calif.
Hagen, Minn.
Hale
Haley
Halleck
Hand
Harden
Hardy
Harrison, Nebr.
Harrison, Va.
Hart
Harvey
Hays, Ark.
Hays, Ohio
Hebert

Heseltan
Hiestand
Hill
Hillelson
Hillings
Hinshaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holifield
Holmes
Holt
Holtzman
Hope
Horan
Hosmer
Howell
Hruska
Hunter
Hyde
Ikard
Jackson
James
Jarman
Jenkins
Jensen
Johnson, Calif.
Johnson, Wis.
Jonas, Ill.
Jonas, N. C.
Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karsten, Mo.
Kearney
Kearns
Keating
Kee
Kilburn
Kilday
King, Calif.
King, Pa.
Kirwan
Kluczynski
Knox
Krueger
Laird
Landrum
Lane
Lanham
Lantaff
Latham
LeCompte
Lesinski
Lipscomb
Love
McCarthy
McConnell
McCulloch
McDonough
McIntire
McMillan
McVey
Machrowicz
Mack, Ill.
Mack, Wash.
Madden
Mahon
Marshall
Martin, Iowa
Matthews
Meador
Merrill
Morrow
Miller, Kans.
Miller, Nebr.
Miller, N. Y.
Mills
Mollohan
Morano
Morgan
Moss
Moulder
Mumma
Murray
Natcher
Neal
Nelson
Nicholson
Norblad
Norrell
Oakman
O'Brien, Ill.
O'Brien, Mich.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.
O'Konski
O'Neill
Ostertag
Passman
Patterson

Pelly
Pfost
Phillips
Pilcher
Pillion
Poage
Poff
Polk
Preston
Price
Priest
Prouty
Rabaut
Radwan
Rains
Ray
Rayburn
Reams
Reece, Tenn.
Reed, Ill.
Rees, Kans.
Rhodes, Ariz.
Rhodes, Pa.
Richards
Riehlman
Riley
Rivers
Roberts
Robeson, Va.
Robison, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Sadlak
St. George
Saylor
Schenck
Scherer
Scott
Scrivner
Scudder
Seely-Brown
Selden
Shafer
Sheehan
Shelley
Sheppard
Shuford
Simpson, Ill.
Small
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Springer
Staggers
Stauffer
Steed
Stringfellow
Sullivan
Taber
Talle
Taylor
Thomas
Thompson, Mich.
Thornberry
Tollefson
Trimble
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vinson
Vorys
Vursell
Wainwright
Walter
Wampler
Warburton
Watts
Westland
Wharton
Whitten
Wickersham
Widnall
Wier
Wigglesworth
Williams, N. J.
Williams, N. Y.
Wilson, Calif.
Wilson, Ind.
Wilson, Tex.
Withrow
Wolcott
Wolverton
Yates
Yorty
Young
Younger
Zablocki

NAYS—30

Abernethy
Bishop
Bolling
Buchanan
Busbey
Celler
Colmer
Curtis, Mass.
Dollinger
Eberharter

Fine
Javits
Kelley, Pa.
Kelly, N. Y.
Keogh
Klein
McCormack
Magnuson
Mason
Metcalf

Miller, Md.
Multer
Patten
Reed, N. Y.
Rooney
Roosevelt
Spence
Teague
Williams, Miss.
Winstead

NOT VOTING—46

Angell
Barden
Boykin
Brooks, La.
Buckley
Bush
Camp
Chipfield
Clevenger
Curtis, Nebr.
Dingell
Dodd
Fallon
Fisher
Grant
Gwinn

Harris
Harrison, Wyo.
Heller
Herlong
Hess
Kersten, Wis.
Long
Lucas
Lyle
McGregor
Mailliard
Miller, Calif.
Morrison
Osmer
Patman
Perkins

Philbin
Powell
Regan
Secrest
Short
Sieminski
Sikes
Simpson, Pa.
Sutton
Thompson, La.
Thompson, Tex.
Weichel
Wheeler
Willis

So the conference report was agreed to.
The Clerk announced the following pairs:

Mr. Simpson of Pennsylvania with Mr. Morrison.
Mr. Short with Mr. Perkins.
Mr. Hess with Mr. Herlong.
Mr. McGregor with Mr. Boykin.
Mr. Osmer with Mr. Camp.
Mr. Gwinn with Mr. Fisher.
Mr. Harrison of Wyoming with Mr. Thompson of Louisiana.
Mr. Weichel with Mr. Willis.
Mr. Bush with Mr. Thompson of Texas.
Mr. Angell with Mr. Lucas.
Mr. Kersten of Wisconsin with Mr. Patman.
Mr. Curtis of Nebraska with Mr. Lyle.
Mr. Chipfield with Mr. Barden.
Mr. Clevenger with Mr. Regan.
Mr. Mailliard with Mr. Miller of California.

Mr. ROONEY changed his vote from "yea" to "nay."

Mr. HOLTZMAN and Mr. CANFIELD changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

SUPPLEMENTAL APPROPRIATION BILL, 1955

Mr. TABER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9936) making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 9936, with Mr. ALLEN of Illinois in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read down to and including line 16 on page 5 of the bill.

Mr. TALLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TALLE: On page 5, after line 17, insert the following new headings and new paragraphs:

"BUREAU OF THE CENSUS

"CENSUSES OF BUSINESS, MANUFACTURES AND MINERAL INDUSTRIES

"For expenses necessary for taking, compiling, and publishing the censuses of business, manufactures, and mineral industries, as authorized by law, \$8,430,000."

Mr. TALLE. Mr. Chairman, my purpose in offering this amendment is to restore to the bill the amount asked by the President for the censuses of business, manufactures, and mineral industries.

I regret that the Appropriations Committee has not seen fit to recommend the appropriation of the \$8,430,000 which the President requested to conduct censuses of business, manufactures, and mineral industries for 1954. These basic records of the business activities of our country are required for the efficient management of American industry and Government. This view was strongly supported by evidence provided at the recent hearings of the Subcommittee on Economic Statistics of the Joint Committee on the Economic Report. This subcommittee, which consists of Senator CARLSON, Congressman BOLLING, and myself as chairman, held hearings on July 12 and July 13. The witnesses heard included representatives of many important business organizations and the Government agencies particularly concerned with business conditions.

The witnesses pointed out the important role played by statistics in the management of the affairs of the economy and of their particular businesses. They described the crucial role that is being played by the Census benchmarks. They pointed out that the whole structure of monthly statistics is deteriorating in quality because the basic benchmark records in the fields of manufactures, mineral industries, wholesale trade, retail trade, and services were already more than 5 years old. They indicated that recent gaps in the statistical records are impairing the ability of the Government and of business concerns to make prompt and sound decisions regarding economic policies. Major decisions are being made almost daily which involve very large sums of money, amounts which make funds actually required to provide the statistics needed for better decisions seem trivial.

Witness after witness repeated that the most urgent requirement in the Federal economic statistics program is to provide basic benchmark records, urging that Congress appropriate funds for censuses of business, manufacturers, and mineral industries covering the year 1954. Persons testifying on subjects only indirectly related to these censuses went to great length to call to the attention of our committee the need for the censuses. The report of the Intensive Review Committee of the Secretary of Commerce was frequently cited as further evidence of the very widespread demand for these censuses. The Bureau of the Budget, which submitted the request for these funds, the Council of Economic Advisers, which strongly supported the required legislation only re-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 29, 1954
For actions of July 28, 1954
83rd-2nd, No. 143

CONTENTS

Appropriations.....20	Health insurance.....18	Prices, support.....25
Assistant Secretary.....12	Housing, farm.....10	Soil conservation.....2
Atomic energy.....6	Incentive awards.....13	Tariffs.....17
Banking & currency.....4	Lands.....22	Taxation.....2
CCC.....3	reclamation.....5	Trade agreements.....8
Drought relief.....15	Livestock.....24	Water conservation.....2
Expenditures.....20,21	Loans, farm.....9,10	Water facilities.....9
Export-Import Bank.....4	Monopolies.....14	Watershed protection....19
Farm program.....7,16,23	Nomination.....12	Wildlife.....22
Foreign aid.....1,11	Personnel.....13,18	Wool.....24
Forests & forestry.....26	Potatoes.....16	

HIGHLIGHTS: House passed mutual security appropriation bill. House agreed to conference report on tax revision bill. Senate concurred in House amendments to water-facilities loans bill. Senate agreed to conference report on housing bill. House debated bill to increase CCC borrowing power. Senate debated mutual security authorization bill. Senate confirmed Butz nomination. Senate committee reported bill for uniform system of incentive awards. Sens. Butler and Kuchel criticized rigid price supports. Sens. Symington urged drought relief. Rep. Hope explained watershed bill.

HOUSE

1. MUTUAL SECURITY APPROPRIATION BILL, 1955. Passed, 266-128, with amendments this bill, H. R. 10051 (pp. 11757-8).
2. TAXATION. By a 315-77 vote, agreed to the conference report on H. R. 8300, to revise the internal revenue laws (pp. 11758-67, 11769). The bill includes a provision allowing farmers to deduct expenditures for soil-water conservation as expense rather than capitalization.
3. COMMODITY CREDIT CORPORATION. Began debate on H. R. 9756, increasing the borrowing power of CCC from \$8,500,000,000 to \$10,000,000,000. Rejected, 29-53, an amendment by Rep. Patman to prohibit CCC from financing outside the Treasury at an interest cost greater than $1\frac{1}{4}$ times its cost of financing with the Treasury on borrowings of comparable maturity. Rejected, by a division vote of 72 to 5, a motion by Rep. Multer to recommit the bill with instructions for the insertion of this amendment. Rep. Javits objected to this report on the ground that a quorum was not present, and the matter is to be considered further today. (pp. 11787-95).
4. EXPORT-IMPORT BANK. Passed without amendment S. 3589, to provide for independent management of the Export-Import Bank under a Board of Directors, to provide for representation of the Bank on the National Advisory Council on International

Monetary and Financial Problems, and to increase the Bank's lending authority (p. 11787). This bill will now be sent to the President.

5. RECLAMATION. Rejected, 188-196, a resolution for consideration of H. R. 236, to authorize the Fryingpan-Arkansas project, Colo. (pp. 11777-87).
6. ATOMIC ENERGY. House and Senate conferees were appointed on H. R. 9757, the atomic energy bill (pp. 11771, 11872).
7. FARM PROGRAM. Rep. Madden criticized the Administration's farm program (p. 11801).
8. TRADE AGREEMENTS. Rep. Saylor criticized GATT and administration of the trade-agreements law (pp. 11801-5).

SENATE

9. WATER-FACILITIES LOANS. Concurred in the House amendments to S. 3137, to amend the Water Facilities Act so as to extend the program to the entire country, increase the authorized amount of individual loans, permit insured loans, and authorize loans for soil-conservation purposes (p. 11886). This bill will now be sent to the President.
10. HOUSING. By a 59-21 vote, agreed to the conference report on H. R. 7839, the omnibus housing bill (pp. 11824-66, 11868-70, 11873-84). This bill will now be sent to the President. The bill includes authorization of \$100,000,000 additional for the farm housing program administered by this Department, together with additional authorizations for contributions under this program.
11. FOREIGN AID. Began debate on H. R. 9678, the mutual security authorization bill for 1955 (pp. 11814, 11818-24, 11886-7).
12. NOMINATION of Earl L. Butz, to be Assistant Secretary of Agriculture, was unanimously confirmed without debate (p. 11817).
13. INCENTIVE AWARDS. The Post Office and Civil Service Committee reported with amendments H. R. 7774, to establish a uniform system for granting incentive awards to officers and employees of the Government (S. Rept. 1993)(p. 11809).
14. MONOPOLIES. The Rules and Administration Committee reported with additional amendment S. Res. 14, authorizing a study of the antitrust laws and their administration, interpretation, and effect (S. Rept. 1989)(p. 11809).
15. DROUGHT RELIEF. Sen. Symington urged immediate drought relief for Mo., and Sen. Hennings inserted his statement on the matter (pp. 11812-3).
16. FARM PROGRAM. Sen. Knowland announced that S. 3052, the farm program bill, is to be taken up immediately after disposition of the foreign aid bill, but that debate on the farm bill will be interrupted by consideration of the tax bill and, on Sat., by a call of the calendar. He stated further: "Undoubtedly we shall continue debate on the farm bill in the early part of next week, even though that bill is to be made the unfinished business this week, for the opening of the debate on it." (p. 11814.)
Sen. Williams submitted an amendment which he intends to propose to the bill (p. 11809).
Sen. Butler criticized high, rigid price supports and inserted a Baltimore Sun article, "Excuses for Crops Nobody Wants" (p. 11810).

Wisconsin is the leading State in the production of dairy products. It is also an outstanding producer of such other agricultural products as hogs, corn, oats, eggs, vege-

tables, chickens, barley, and berries. The following table portrays the principal Wisconsin agricultural products important in United States export trade:

[Values in thousands of dollars]

Agricultural commodities	Wisconsin production			United States exports	
	Number of farms, ¹ 1944	1948	1949	1948	1949
Total number of farms.....	177,745				
Dairy products.....	159,463	\$599,072	\$467,917	\$210,377	\$174,444
Hogs.....	² 118,260	156,331	³ 126,500	91,530	⁴ 117,187
Corn.....	144,981	147,200	154,462	63,095	220,902
Oats.....	⁵ 139,017	93,400	80,322	27,751	25,014
Eggs.....	143,649	92,981	87,927	45,870	26,308
Vegetables other than potatoes ⁶	(⁶)	38,662	41,063	92,861	76,423
Chickens.....	(⁶)	21,529	21,999	5,311	6,136
Barley.....	20,370	11,100	8,118	50,989	49,771
Berries.....	(⁶)	4,660	4,053	288	464
Total.....		1,164,935	992,361	588,072	696,649

¹ Farms reporting production of commodity.

² Farms reporting hogs and pigs butchered.

³ Mainly lard.

⁴ Farms reporting grain threshed.

⁵ Potatoes are on a net import basis in United States foreign trade.

⁶ Data not available.

NOTE.—Basis of values in this table are as follows: Crop production, estimated farm value, total quantity produced multiplied by average unit price received; vegetable and berry production, cash receipts; livestock production, cash income from sales plus value of household consumption. Exports, f. a. s. port of shipment; export and import figures for individual items cover processed commodities as well as unprocessed forms and include values added by manufacture. Imports (according to Tariff Act) in general, f. a. s. foreign port of shipment.

Sources: U. S. Department of Commerce, Bureau of Census. (a) U. S. Census of Agriculture, 1945. (b) Foreign Trade Statistics, 1948 and 1949. (c) U. S. Department of Agriculture, Bureau of Agricultural Economics. Prepared in the U. S. Department of Commerce by the International Economic Analysis Division, Office of International Trade and quoted in U. S. Department of State, Wisconsin and Foreign Trade, Washington, 1951, p. 4.

It has been estimated that exports of the commodities listed in the above table produced in Wisconsin were valued at about 35 million dollars in 1949. This estimate may understate Wisconsin's part because dairy products bulked large in the total, and Wisconsin produces a large portion of the national production of the type of dairy products which were exported. It is difficult to assess the part Wisconsin has played in the export of vegetables. Exports of such volume as those listed in the above table had a direct effect in 1949 and continue to have a direct effect because they tend to maintain domestic prices and to lessen competition in local markets.

In assessing the effects of foreign aid on the State of Wisconsin, most attention has been given to exports which might affect our industries and our agriculture. It is necessary to Wisconsin that foreign markets be maintained. True, the part of Wisconsin production that goes into exports seems relatively small, but for many of our industries, exports spell the difference between profit and failure.

Again, for illustrative purposes, the Foreign Operations Administration was asked to provide figures on purchases from certain Wisconsin firms during the years the aid program has been under way. Similar figures would be available for other States.

More than \$110 million of foreign aid money has been spent in Wisconsin for products which have then been sent overseas. This figure does not cover the agricultural products purchased with these aid dollars. It will be noted, however, that the Library of Congress study which I have put in the record indicates that Wisconsin exports of farm products in 1949 were \$35 million, which means that in the vicinity of \$175 million of farm products have been exported from Wisconsin alone over the 5-year period covered by the industrial figures. We may be sure that these farm export figures would have been virtually nonexistent had there been no aid program making dollars available to foreign countries for purchases in the United States.

Thus, taking the State of Wisconsin as an example, over the past 5 years not less

than \$285 million of the foreign aid dollars appropriated pursuant to this type of legislation have found their way back into the economy of Wisconsin.

The following table prepared by FOA shows payments made by ECA, MSA, and FOA to certain companies in Wisconsin during the period from 1949 to 1954:

Payments made by ECA, MSA, and FOA to companies in Wisconsin, April 1949 to April 30, 1954—Partial examples of money spent for Wisconsin firms directly

Allis-Chalmers (farm equipment).....	\$36,859,566
Allis-Chalmers (erection service contract).....	24,600
Massey Harris Co.....	36,349,399
Bucyres-Erie Co.....	7,735,791
Harnischfeger Corp.....	5,474,285
Nordberg Manufacturing Co.....	2,803,441
Koehring Co.....	2,435,538
Kearney & Treker Corp.....	3,337,973
Harley-Davidson Motor Co.....	1,031,490
J. I. Case Co.....	10,152,581
University of Wisconsin.....	942,000
Trakson Co.....	519,303
Waukesha Motor Co.....	457,945
Chain Belt Co.....	1,160,381
Allen Bradley Co.....	50,230
Fred Rueping Leather Co.....	56,674
Snap-On Tools Co.....	178,892
Pfister and Vogel.....	29,640
Artos Engineering Co.....	220,364
Nash Motors.....	288,397
Wisconsin Motor Corp.....	374,237
LeRoi Co.....	512,404
Total.....	110,995,121

NOTE.—Agricultural products are loaded in New York and sold through brokers or through commodity exchanges. While many orders originate in Wisconsin, there is no way to determine the farmers who sold the commodities.

Mr. WILEY. Mr. President, let me select from the report a few of the salient features.

Foreign aid is extremely important to Wisconsin as it is to every other State.

I have here some examples, which are quite significant, of procurement of foreign aid from April, 1949, to April 30, 1954. The examples show payments to Wisconsin firms directly amounting to \$110,995,121.

Agricultural products, of course, are loaded in New York and are sold through brokers or through commodity exchanges. While many orders originate in Wisconsin, there is no way to determine the farmers who sold the commodities.

But in connection with industrial products, for example, Allis-Chalmers, during that period, had contracts for farm equipment totaling \$36,859,566. Allis-Chalmers also had an erection service contract in the amount of \$24,600.

Harnischfeger Corp. had contracts totaling \$5,474,285.

Bucyres-Erie Co. had contracts totaling \$7,735,791.

J. I. Case Co. had contracts totaling \$10,152,581.

The University of Wisconsin received \$942,000.

I could continue to name a large number of other companies; I have given only a partial list. This shows that during the years from 1949 to 1954, the impact of foreign aid on the economy of my own State of Wisconsin created a demand for more than \$110 million worth of manufactured products.

Mr. President, that means creative work. But we cannot measure the significance of this by simply thinking of the jobs it has created in this country, the healthy economy it sustained in the United States. The primary basis of mutual aid is to meet the threat of Communist aggression, and it is doing that.

Mr. President, our payments have resulted directly in building up our allies. I remember that I was speaking some years ago in Flint, Mich., and I recall someone in the audience, after I submitted myself to questions, asked, "Senator, is it true that these foreign peoples are not doing as much as they should to rebuild their economy, and so forth?" I said, "Before I answer that question, I want to ask you one. Suppose that 6 years ago Flint found that 2 out of 5 of its inhabitants were either killed or wounded, that 2 out of 5 of its homes were ruined, that its production plants were gone, that it had been bombed and damaged, and the hinterland damaged. Now I ask you, what would have been the condition of Flint 6 years afterward? Before you answer that question, what would be the morale of your people if you had lost your loved ones, if your home was gone, and your business gone? What would be your morale, to say nothing of how you would have rebuilt Flint?"

This was a very honest man. He said, "Thank you, Senator. I never looked at it that way." I said, "Now I will answer your question. I have been to Europe a number of times. The first time I went I saw a disheartened and saddened people almost everywhere; the bombing and the war and the devastation and the death had simply depleted what we call the morale of the people."

"I went back 3 years after that first visit and I saw what the great people of Europe, including Germany, were doing. I saw them building their devastated cities. I saw them expressing gratitude because the American soldier was there. The general overall picture was that by the time the rearmament effort became necessary, production in Europe had increased to a point 130 percent over prewar production, morale had increased to such an extent that there were smiles on the faces of the people, and in most of the countries the people were able to be reconstructing their buildings."

This man again said to me, "I thank you, Senator. I had not looked at it that way, and I realize you have to look the facts in the face before you reach a conclusion."

I said, "Yes, there are some in Europe who may appear to be giving up, some countries with populations with inferior standards of life, which create a situation which might be very dangerous with the Communist waiting to come in. But we have not had the third world war. And in addition, we have avoided the depression which it was said would come upon us."

THE IMPACT OF CHALLENGE ON THE UNITED STATES

Mr. President, before concluding my remarks I must make one more point. It is this: America thrives on challenge.

In 1938 the gross national product of this Nation was \$84 billion. Today the gross national product is \$367 billion. We quadrupled our national income in 16 years. And yet these were the years when the American people faced their greatest challenges. These were the years when we armed Europe and ourselves and fought a war. These were the years when the challenge of survival meant that every American had to put his shoulder to the wheel. In the years since the war we have been faced by the challenge of communism.

A quick look at the history of this Nation reveals that democracy thrives on challenge. First it was the challenge of the wilderness and the frontier, then the challenge of industrial production, then the challenge of war, and now the challenge of communism. It is these challenges that bring forth the greatness of our people and our system.

In stark contrast to the way in which democracy thrives on challenge, communism thrives on misery and poverty. This fact is gradually coming home to the free people of this world. This bill will help them realize that the democratic way of life offers them the best hope for a full and free future. That fact is evident.

I remember well what Adenauer said when he was here. I understand he may be in America again this fall, and all America will welcome him. He is one of the great men of this age and generation, one of the great, sane thinkers, and one of the great patriots. I remember him saying, "Senator, if the people of East Germany had a chance to vote, they would vote 95 percent to join with the West."

I said, "Do you want to tell me why?" He said, "It is very simple. They have

observed what the conquerors are doing in West Germany, and they have East Germany in contrast." In other words, the people in the Eastern Zone who were subjugated by the Russians are living in practical slavery. They see in the Western Zone that America is helping people to reconstruct, so that the people live in prosperity, in freedom, because we have in a large measure restored the sovereignty of Western Germany.

The challenge which the Communist threat poses to America offers this Nation an opportunity to gather its strength and put it to the job, not only on behalf of America, but on behalf of freedom in the world.

Mr. President, I do not enjoy year after year appearing before the Senate presenting and supporting foreign-aid bills that run into billions of dollars. I do not enjoy reaching into the taxpayer's pocket for foreign-aid dollars any more than I enjoy reaching into my own pocket for the same purposes. But, Mr. President, I would rather go into this Nation's pocket to help us meet the challenge and prevent gradual Communist encroachment on the free world, than to stand idly aside—a disinterested spectator to the world struggle between communism and freedom. The time would surely come when we would have to match the United States, standing alone, against a world dominated by totalitarian communism.

I hope, Mr. President, that this Senate will give resounding bipartisan support to our great President. Let us help him stand strong and firm for the principles of freedom and liberty for which our forebears fought and died.

Certainly General Gruenther above most people understands the nature of this program. I might at this time say that General Gruenther stated as follows:

While I am here, sir, I want to say that we attach very great importance to the mutual security program. That part of it which pertains to our area is the part that we know best, but having some knowledge of the state of the world, we support the entire program enthusiastically not only for our area but for the rest of the world also, in other words, the bill as it is before you.

Mr. President, the committee added 2 sentences to the general policy declaration in section 101 reading as follows:

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

As pointed out in the committee report, these sentences are largely self-explanatory. The first merely repeats the position which Congress has expressed before, most recently in the State-Justice-Commerce Appropriation Act earlier this year. The second in ef-

fect requests the President to lay before the Congress the problem which will arise if Communist Chinese representatives are seated in the United Nations Security Council or the General Assembly.

I myself personally have every reason to feel the Communist Chinese will not be successful now any more than they have been in the 70, 80, or 90 times before.

The amendment in no way commits the Congress or the United States to any specific course of action.

Mr. President, I have concluded my remarks. I hope we will not be delayed unduly in handling this bill. I sincerely hope so, because I feel that no votes will be changed. The Senators have made up their minds. The House, by about 2 to 1, passed the bill. I am satisfied that the Senate will pass the bill; so I trust it will be done quickly.

I hope the Senate can then complete the rest of the program and Senators can go on their way for a brief rest because we will be called back in January.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8300) to revise the internal revenue laws of the United States.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 9757) to amend the Atomic Energy Act of 1946, as amended, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COLE of New York, Mr. HINSHAW, Mr. VAN ZANDT, Mr. DURHAM, and Mr. HOLIFIELD were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 263) relating to the enrollment of H. R. 8300, to revise the internal revenue laws of the United States, in which it requested the concurrence of the Senate.

HOUSING ACT OF 1954—CONFERENCE REPORT

Mr. CAPEHART. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report see pp. 10356-10375 of House proceedings of CONGRESSIONAL RECORD, July 19, 1954.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. CAPEHART. Mr. President, as the Senate knows very well, there were many differences between the Senate and House versions of the Housing Act of 1954. In all, there were about 160 differences. Many of these were major ones, although there were, as usual, a number of technical differences.

After the House had passed its bill, and while your committee was considering its bill, charges of widespread irregularities and abuses under certain of the Federal housing programs were brought to light by the administration.

Immediate hearings were scheduled by your committee. These resulted in changes in the Senate bill to plug all the loopholes which your committee was able to detect in existing law as a means of preventing a recurrence of any of the same or similar irregularities and abuses that have developed in the administration of the housing program.

After the Senate had passed the bill and I had an opportunity to study the differences between our bill and the House bill, it became evident to me that it was not feasible to expect the Senate and the House conferees to iron out all the differences in the two bills by June 30, 1954, the date on which certain provisions would expire. Consequently, I introduced Senate Joint Resolution 167, which, among other things, extended to July 31, 1954, those provisions of the housing acts expiring on June 30, 1954.

The organizational meeting of the committee of conference was held on June 28, 1954. Thereafter, as chairman of the conference, I called at least nine further meetings, each of which lasted several hours.

I want to express my very sincere personal appreciation for the splendid cooperation received from each member of the conference. Each side sincerely and ably attempted to reconcile its views with those of the other side. All members were willing to meet frequently and for long periods of time.

As a direct result, we were able to dispose of matters in disagreement—about 160 in all—on a point by point basis—in good time, and I believe to good purpose.

On Friday of last week the conferees reached agreement on all matters.

I am of the firm conviction that the Senate conferees obtained the most favorable bill possible. Therefore, I recommend that the Senate approve the action of its conferees.

You all know, of course, that the House already on Tuesday of this week approved the action of its conferees.

Briefly, I shall discuss now what seem to me to be the especially significant problems that confronted your conferees and how the conferees resolved the matters in disagreement.

IRREGULARITIES AND ABUSES

As I indicated before, it was while your committee was considering its bill that charges of widespread irregularities and abuses under certain of the Federal hous-

ing programs were made by the administration.

The hearings we held following these disclosures helped us to determine the possible remedial action that could be taken in the present legislation to stop these abuses.

Accordingly, in the bill originally reported by your committee, several amendments were adopted to plug the loopholes we were able to detect. In practically all cases these amendments were retained in the conference bill.

Your committee is proceeding with the investigation of Federal Housing programs under Senate Resolution 229, adopted this session. When it completes that investigation, your committee expects to be in a position to recommend further strengthening of the Federal housing laws against any possible abuses or irregularities.

TITLE I

One category of abuse involved operation under title I of the National Housing Act, as amended. It was charged that dynamiters or suede shoe boys had employed high-pressure sales techniques to sell the homeowner materials or services he did not really need at a price frequently far above the market price.

FHA, in general, relied on lending institutions to police the title I program. At times it was charged that unscrupulous salesmen falsely used the name of FHA in order to lead the borrower to believe that the Federal Government approved the projects sold to the homeowners.

In the bill as reported from committee and passed by the Senate, several amendments were adopted to prevent a recurrence of these abuses.

First, the lending institution was required to assume 20 percent of the risk of loss on each individual loan. The Senate bill provided for 20 percent. It was later compromised, and the conferees agreed on 10 percent. This action was taken in order to induce participating lending institutions to use more care in the handling of title I programs.

The conferees were of the opinion that this result, without impairing the effectiveness of the program, could be obtained by requiring the lending institution to share the risk of loss by assuming 10 percent of the loss on each individual claim. The conference bill so provides.

Second, the Senate bill required that to be eligible as a lender under title I, an institution must be a lending institution subject to inspection and supervision of a Government agency required by law to make periodic examinations of books and accounts, and must be found by the Commissioner to be qualified by experience or facilities to take part in the title I programs.

In addition, the Senate bill allowed other lending institutions to take part in these programs only after the FHA Commissioner approves them on the basis of their credit and experience or facilities to make and service title I loans, advances, or purchases. The conferees accepted this amendment.

Third, the Senate bill limited home improvements under title I to items which substantially protect or improve the basic livability or utility of properties. It directed the FHA Commissioner to declare ineligible from time to time items which do not meet this standard, and also permitted him to make ineligible any item especially subject to selling abuses. This amendment was retained by the conferees.

Fourth, in order to prevent the proceeds of a title I loan from being used as part of the downpayment for purchase of a new house, the Senate bill prohibited the use of title I loans with respect to new houses until they have been occupied for at least 6 months. This provision was retained by the conferees.

Fifth, in order to prevent the pyramiding of loans under title I, the Senate bill prohibited any title I loans on a single structure from exceeding the dollar limit set forth by statute for that particular type of loan. For example, no title I home improvement loans could be outstanding at any one time as to a single structure for more than \$2,500. The conferees likewise retained this amendment.

All of the foregoing proposed amendments to section 2 (a) of the National Housing Act are contained in section 101 of the conference bill. In order to afford time for proper amendment of FHA regulations to conform with these new amendments, the conferees would make them effective on the first day after the first full calendar month following the date of approval of the bill.

Sixth, as a further remedial measure, section 132 of the Senate bill, which was retained in the bill approved by the conference, would add a new section 512 to the National Housing Act granting the FHA Commissioner broad authority to blacklist offending lenders, builders, contractors, dealers, salesmen, sales agents, and borrowers.

He could do so if he determines any such person or firm has knowingly or willfully violated any provision of the National Housing Act or title III of the Servicemen's Readjustment Act of 1944, or any pertinent regulation of either act, or has violated any penal law in connection with work done under either act, or has materially failed to carry out contractual obligations with respect to such work.

No person or firm can be so blacklisted until he has had reasonable opportunity to be heard and represented by counsel before the FHA Commissioner. However, any blacklisted person or firm will be denied the benefits of the operative housing programs under the National Housing Act.

Seventh, the conference committee also agreed to retain section 131 of the Senate bill, which would amend section 709 of the Federal Criminal Code to make it a criminal offense for any firm or business to use the letters "FHA" as part of its name in order to convey a false impression that the name or business has some connection with or authority from the FHA or Government which does not in fact exist.

The conference bill also would make it a crime to claim falsely that any repair, improvement, or alteration is authorized or recommended by FHA or the Federal Government when such a claim is made in order to induce anyone to enter into a contract for such improvements.

The bill as agreed to in conference also would make it a crime to represent falsely by any device whatsoever that any project, business, or product has been endorsed, authorized, or approved by FHA or the Federal Government.

The conferees retained the intent of an amendment relating to this same problem by the senior Senator from Virginia [Mr. BYRD] by making it a crime to advertise or represent falsely that any housing unit or project has been endorsed, authorized, inspected, appraised, or approved by HHFA, FHA, FNMA, PHA or any other agency of the Federal Government.

The conferees also included a provision prohibiting misuse of the words "Housing and Home Finance Agency, Federal Housing Administration, and Federal National Mortgage Association."

These are the major amendments adopted by the Senate and preserved by the conference in order to prevent future abuses or irregularities under Title I of the National Housing Act.

As passed by the Senate, the bill also would have written into the law several safeguards under the Title I programs presently carried in FHA regulations.

Mr. President, at this time I ask unanimous consent to have printed in the RECORD the FHA regulations to which I have referred and which regulations have been adopted in the last 6 months by FHA in order to put a stop to the irregularities and abuses we have been learning about and reading so much about in the newspapers.

There being no objection, the regulations were ordered to be printed in the RECORD, as follows:

TITLE I. PROPERTY IMPROVEMENT LOANS
GENERAL ADMINISTRATIVE POLICY APPLICABLE TO
PROPERTY IMPROVEMENT LOANS REPORTED FOR
INSURANCE UNDER TITLE I OF THE NATIONAL
HOUSING ACT

The title I program provides an instrument by which financial institutions, the building and allied industries, and the Federal Government combine to assist borrowers to make eligible improvements to their property. The operation of the title I program is based on the good faith of all concerned—the good faith on the part of the individual borrower who applies for and receives a loan, the good faith of the dealer or contractor in carrying out the terms of his contract and rendering proper service to the customer, the good faith of financial institutions in acquiring and servicing title I loans, and the good faith of the Federal Housing Administration in carrying out its obligations and responsibilities. While certain regulatory measures are necessary to effectuate mutual objectives, a large responsibility is placed upon participating lending institutions for the exercise of sound discretion and prudent practices in carrying out the program.

The guiding principles set forth herein are to assist the lending institution in the proper operation of its title I lending activity.

These principles may be interpreted as the general administrative policy of the Administration but they are not regulatory. This statement of policy is presented to clarify certain questions which may arise and to

offer helpful suggestions gained by the Federal Housing Administration in the light of its experience over a number of years.

QUALIFICATIONS FOR A CONTRACT OF INSURANCE

Under title I of the National Housing Act, as amended, the Commissioner is authorized and empowered to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which he finds to be qualified and approves as eligible for credit insurance, against losses which they may sustain as a result of eligible property improvement loans. Application for a contract of insurance may be made upon the proper form to the Federal Housing Administration.

A. The following institutions are eligible to hold a contract of insurance:

1. Financial institutions which have held a contract of insurance and have demonstrated to the Commissioner their ability to conduct satisfactorily their title I operations.

2. Members of the Federal Reserve System, of the Federal Home Loan Bank System, and institutions whose deposits are insured by the Federal Deposit Insurance Corporation.

3. Any Federal, State, or municipal governmental agency that is or may hereafter be empowered to conduct an installment lending operation.

B. Any lending institution not hereinbefore mentioned may qualify for a contract of insurance upon application, if it possesses the following qualifications and meets the following conditions to the satisfaction of the Commissioner:

1. It is a chartered institution or other permanent organization having succession and having sound capital funds properly proportioned to its liabilities and to the character and extent of its operations.

2. It is subject to inspection and supervision by a governmental agency; or if not subject to such inspection and supervision, it submits an independent detailed audit of its books made by an accountant satisfactory to the Commissioner, and so long as it holds a contract of insurance, it files with the Commissioner similar audits at least once in each calendar year.

3. Its principal activity is lending funds, or investing in mortgages, consumer installment notes, or similar advances of credit, and it demonstrates its ability to pass on borrower's credit and to effect collections.

4. It is permitted by statute in the jurisdiction(s), in which it proposes to operate, to make loans in the maximum amounts and maturities as prescribed by the act.

5. It has lending quarters and facilities that are in keeping with the accepted facilities of financial institutions making consumer credit type loans.

TERMINATION OF A CONTRACT OF INSURANCE

A contract of insurance may be terminated with respect to any future business at any time upon 5 days written notice from the Commissioner where it appears to the Commissioner that a financial institution is not exercising proper credit judgment, is not taking the steps which may be considered reasonably necessary to safeguard its outstanding loans, or is not exercising proper care in selecting those from whom it purchases notes. Cancellation of a contract of insurance will in no way adversely affect the insurance reserve on loans theretofore accepted for insurance recordation.

If an insured elects to discontinue the making of title I loans it may request a termination of the contract of insurance and all insurance reserves earned by such insured as of the date of termination by the Commissioner will remain to its credit until (1) exhausted by the filing of claims for loss, or (2) the liquidation of all title I loans in the portfolio of such insured. It is necessary that notice in writing of the contemplated action

be given to the Commissioner sufficiently in advance of the desired effective date to permit an orderly processing of pending loan reports.

INSURANCE PROTECTION AFFORDED

The total amount of title I loans with respect to which the Commissioner may grant insurance and which may be outstanding at any one time is set at a maximum of \$1,750,000,000.

An insurance reserve is established for each insured equal to 10 percent of the aggregate net amount advanced by it on all eligible loans. It is the lending institution which is insured and not the individual loan. From the reserve which may be accumulated there is deducted the amount of the claims paid to such insured. On January 1 or July 1 next following the expiration of a period of 30 months after the issuance of the contract of insurance to a lending institution by the Commissioner the amount of insurance reserve to the credit of such insured shall be adjusted by carrying forward into the next semiannual period four-fifths of the unused reserves outstanding on each such date. The insurance reserve of each insured will be adjusted in like manner on each subsequent semiannual period.

The amount of unused reserves to be carried forward at the beginning of each semiannual period will be determined according to the records of the Commissioner and a statement showing the amount of such unused reserves will be furnished to each insured as promptly as possible after the close of each semiannual period.

Each individual loan is reported to the Commissioner and is accepted by him for insurance recordation in reliance upon the certification of the institution that the loan was made in accordance with the provisions of all applicable regulations. If default occurs and claim for reimbursement of loss is made by the lending institution, the claim will be paid upon proper audit and finding that the loan was handled in accordance with the regulations.

Where reasonable credit judgment is exercised and the institution makes a fair volume of loans, the insurance coverage afforded is virtually a 100-percent guaranty against loss.

INSURANCE CHARGE

The regulations provide for an insurance premium charge of three-fourths percent per annum of the net proceeds of each loan reported for insurance, except that the charge is one-half percent per annum on class 1 (b) loans in excess of \$2,500, exclusive of financing charges, and on class 2 (b) loans having a maturity in excess of 7 years. The charge for a full month is made for the fractional period of a month of more than 15 days but no charge is made for the fractional period of a month of 15 days or less. For example, in the case of a loan for a term of 36 months and 15 days a charge is made for 36 months and in the case of a loan for a term of 36 months and 16 days a charge will be made for 37 months. As an illustration of the computation of the insurance charge, if the net proceeds of a loan maturing in 36 equal monthly installments beginning 1 calendar month after the date of the note is \$1,000, the premium charge would be 2¼ percent (3 years times three-fourths percent) of \$1,000 or \$22.50.

The lending institution will be billed once a month on all loans reported for insurance during the previous period, the receipt of which have been acknowledged by the Commissioner. Detailed information and instructions are available to lending institutions pertaining to the computation and payment of the insurance charge so as to avoid misunderstanding and assure the efficient handling of the matter with the minimum effort.

No part of the insurance charge may be passed on to the borrower directly or indirectly if such charge would cause the total payments made by the borrower to exceed the maximum charge permitted.

LENDING AREA

The Federal Housing Administration expects a qualified financial institution to confine its title I business to the trading area usually served by the institution in its normal operations. It has been our experience that when an institution extends its lending operations, beyond a territory which

it services in its other lending activities, it cannot properly or profitably handle such business. A lending institution must be in a position to investigate credits, make periodic spot checks of the improvements being financed, and have its own employee or qualified representative make personal contract with delinquent borrowers.

LOAN CHART

The following chart is provided so that the maximum amount, maturity, and financing charge of an eligible loan may be readily determined:

Type of loan	Type improvement	Maximum maturity	Maximum amount	Maximum financing charge
Class 1 (b) ..	Repair, alteration, or improvement of an existing structure.	3 years 32 days	\$2,500	\$5 discount per \$100 per year.
Class 1 (b) ..	Alteration, repair, improvement or conversion of existing structure used or to be used as an apartment house or a dwelling for two or more families.	7 years 32 days	10,000	\$5 discount per \$100 per year if \$2,500 or less, \$4 discount per \$100 if in excess of \$2,500.
Class 2 (a) ..	Construction of a new structure to be used exclusively for other than residential or agricultural purposes.	3 years 32 days	3,000	\$5 discount per \$100 per year.
Class 2 (b) ..	Construction of a new structure to be used in whole or in part for agricultural purposes, exclusive of residential purposes.	7 years 32 days. If secured by first lien, 15 years 32 days.	3,000	\$5 discount per \$100 per year, \$3.50 discount per \$100 if maturity is in excess of 7 years 32 days.

The added 32-day period is provided in order to permit the maximum of 36, 84, or 180 monthly payments, as the case may be, in the event there should be 2 calendar months to the first payment.

ELIGIBLE NOTES

In order that a note may be eligible it is necessary that it bear the genuine signature of the borrower(s). The note must be valid and enforceable against the "borrower(s)" as defined in the regulations; also any signature in addition to the borrower(s), such as the comakers or endorsers, must be genuine. A note bearing the forged signature of any of the obligors, whether primarily or secondarily liable, is not insurable. In this connection, if the note is executed for and on behalf of a corporation or in a representative capacity, the note must create a binding obligation of the principal. The note must stipulate the number and amount of the equal periodical payments, with the first payment not less than 6 days nor more than 2 calendar months from the date of the note. It is suggested that the date fixed by the insured institution for the first and subsequent payments should be made agreeable to the borrower and correspond whenever possible with the date on which he receives his income.

Notes must contain a provision for acceleration of maturity upon default, either automatically or at the option of the holder.

FINANCING CHARGES

The maximum financing charge allowed by the regulations is intended to cover all expenses that may be incurred by the institution in placing the transaction on its books, except the following expenses that may be incurred in taking security for the loan: recording or filing fees, documentary stamp taxes, title-examination charges, and hazard-insurance premiums. These costs may not be included in the face amount of the note nor paid out of the proceeds of the loan but they may be paid by the borrower as a separate item.

Although the standard formula for determining the charge to the borrower contem-

plates a monthly installment note, it is intended that the same resulting ratio shall apply in the case of a note on which there is only one payment (or any number more or less than 12) per year, as in the case of a farmer or a producer of livestock who is making payments in accordance with the dates on which his income is received. It is suggested that an interest-bearing note, at the lowest rate compatible with the locality and credit conditions, should be used where a note calls for seasonal payments.

Late charges.

A late charge is to reimburse the insured for work involved in following the borrower for a delinquent payment. It is not a part of the original finance charge, which is determined at the time the loan is granted, on the basis that the note will be paid in accordance with its terms. The collection of late charges shall not be considered in computing the maximum amount which the insured institution may charge the borrower for discount, interest, or fees.

If the borrower makes a payment to be applied to his regular installment, it is not permissible for the institution to deduct late charges that have been billed unless the borrower specifies such deduction. However, if in the absence of specific instructions from the borrower the institution advises the borrower in writing that a portion of his payment will be applied to late charges and the borrower expresses no objection, such application shall be considered permissible insofar as the FHA regulations are concerned. Evidence supporting the application of late charges collected must be included in the file when a claim for loss is made. The showing of late charges incurred on Form FH-7, "Title I Claim for Loss," will be considered as sufficient evidence of billing if the amount of the payment received includes an amount to satisfy the full amount of the past due installment, plus the amount of the late charge incurred. The Federal Housing Administration does not reimburse the institution for uncollected late charges.

It is not intended that late charges shall take the place of interest on the principal

after the maturity of the whole obligation. Thus a provision for such interest after maturity will not conflict with the limitations set forth in the regulations which refers only to interest or late charges taken on a specific installment for failure to make that payment on its due date.

Lump-sum payments

The acceptance of a voluntary payment of one or more installments prior to due date shall not be construed as increasing the maximum permissible financing charge as provided in the regulations. However, if the prepayment sum exceeds two full installments it is recommended that the lending institution have a clear understanding with the borrower as to the date of the next payment. Too long a period should not elapse between the application of a lump-sum payment and the date for continuation of regular payments unless there are legitimate reasons for an extended lapse of time. It is extremely important to maintain the paying habit of the borrower.

Discount factor

A discount of \$5 on a \$100 note for a period of 1 year, with provision in the note for equal monthly installment payments, gives a ratio of 0.097166 of total charge paid by borrower to average amount outstanding on the debt during the period of the loan. This is the maximum charge that may be obtained from the borrower on a note of any amount, of any maturity, and regardless of the number of installment payments.

On a 1-year monthly payment note, the discount factor is 0.05. On a 24-month note, however, the discount factor is 0.091912; 36-month note, 0.130282, etc. On a discount note of \$1,000 face amount, the amount of discount for 12 months would be \$50; for 24 months, \$91.91; for 36 months, \$130.28.

Gross charge factor

A lending institution desiring to ascertain the maximum amount of interest and fees it would be permissible to charge the borrower on any principal sum in order not to exceed the ratio of 0.097166 of total charge to the borrower to average amount outstanding on the debt during the period of the loan, can do so by using the gross charge factor. Thus, on a 1-year note the gross charge factor is 0.052632; on a 24-month note, 0.101215; on a 36-month note, 0.149798. Thus, by taking a \$950 advance and multiplying by the proper gross charge factor the amount of interest and fees allowed for 12 months will prove to be \$50; for 24 months, \$96.15; for 36 months, \$142.31.

Tables of calculations

The following factor tables may be used to facilitate the correct computation of the maximum financing charges. A lesser charge may be taken and is encouraged by the Federal Housing Administration. In the center column of each table are installments for any maturity up through 36 months. In the left-hand column are gross charge factors. The amount of cash proceeds (the principal sum the borrower receives), multiplied by the gross charge factor for any maturity, will give the maximum permissible amount of interest and fees that may be charged the borrower. In the right-hand column are discount factors. The face amount multiplied by the discount factor for any maturity desired, will give the maximum permissible amount of discount that may be charged.

\$5 factor tables

INSTALLMENTS PAYABLE MONTHLY

Gross charge factor (based on \$1 of net proceeds)	Number of installment payments in which loan is to be repaid	Discount factor based on \$1 of face amount
0.028340	6	0.027559
0.032389	7	0.031373
0.036437	8	0.035156
0.040486	9	0.038911
0.044534	10	0.042636
0.048583	11	0.046332
0.052632	12	0.050000
0.056680	13	0.053640
0.060729	14	0.057252
0.064778	15	0.060837
0.068826	16	0.064394
0.072875	17	0.067925
0.076924	18	0.071429
0.080971	19	0.074906
0.085020	20	0.078358
0.089068	21	0.081784
0.093117	22	0.085185
0.097166	23	0.088561
0.101215	24	0.091912
0.105263	25	0.095238
0.109312	26	0.098540
0.113360	27	0.101818
0.117408	28	0.105072
0.121457	29	0.108303

\$5 factor tables—Continued

INSTALLMENTS PAYABLE MONTHLY—continued

Gross charge factor (based on \$1 of net proceeds)	Number of installment payments in which loan is to be repaid	Discount factor based on \$1 of face amount
0.125506	30	0.111511
0.129554	31	0.114695
0.133603	32	0.117857
0.137651	33	0.120996
0.141700	34	0.124113
0.145748	35	0.127208
0.149798	36	0.130282

\$5 factor tables—Continued

INSTALLMENTS PAYABLE SEMIANNUALLY

Gross charge factor (based on \$1 of net proceeds)	Number of installment payments in which loan is to be repaid	Discount factor based on \$1 of face amount
0.048583	1	0.046332
0.072874	2	0.067925
0.097166	3	0.088561
0.121457	4	0.108303
0.145749	5	0.127208
0.170040	6	0.145329

INSTALLMENTS PAYABLE QUARTERLY

Gross charge factor (based on \$1 of net proceeds)	Number of installment payments in which loan is to be repaid	Discount factor based on \$1 of face amount
0.024291	1	0.023715
0.036437	2	0.035156
0.048583	3	0.046332
0.060729	4	0.057252
0.072874	5	0.067925
0.085020	6	0.078358
0.097166	7	0.088561
0.109312	8	0.098540
0.121457	9	0.108303
0.133603	10	0.117857
0.145749	11	0.127208
0.157895	12	0.136364

INSTALLMENTS PAYABLE ANNUALLY

Gross charge factor (based on \$1 of net proceeds)	Number of installment payments in which loan is to be repaid	Discount factor based on \$1 of face amount
0.097166	1	0.088561
0.145749	2	0.127208
0.194332	3	0.162712

NOTE.—Financial institutions desiring \$4 or \$3.50 gross charge or discount factors, or \$5 factors for maturities in excess of 3 years, may secure same by writing to the Federal Housing Administration, Washington, D. C.

Refinancing rebate schedule

INSTRUCTIONS

1. Select original term in the "Term of loan" column.
2. Select installments matured in the "Number of installments matured" column.
3. Where the lines intersect will be found the percentage of the full financing charge to be rebated.

Number of installments matured

Term of loan	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	33.33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	50.00	16.67	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	60.00	30.00	10.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	66.67	40.00	20.00	6.67	0	0	0	0	0	0	0	0	0	0	0	0	0
6	71.43	47.62	28.57	14.29	4.76	0	0	0	0	0	0	0	0	0	0	0	0
7	75.00	53.57	35.71	21.43	10.71	3.57	0	0	0	0	0	0	0	0	0	0	0
8	77.78	58.33	41.67	27.78	16.67	8.33	2.78	0	0	0	0	0	0	0	0	0	0
9	80.00	62.22	46.67	33.33	22.22	13.33	6.67	2.22	0	0	0	0	0	0	0	0	0
10	81.82	65.45	50.91	38.18	27.27	18.18	10.91	5.45	1.82	0	0	0	0	0	0	0	0
11	83.33	68.18	54.55	42.42	31.82	22.73	15.15	9.09	4.55	1.52	0	0	0	0	0	0	0
12	84.62	70.51	57.69	46.15	35.90	26.92	19.23	12.82	7.69	3.85	1.28	0	0	0	0	0	0
13	85.71	72.53	60.44	49.45	39.56	30.77	23.08	16.48	10.99	6.59	3.30	1.10	0	0	0	0	0
14	86.67	74.29	62.86	52.38	42.86	34.29	26.67	20.00	14.29	9.52	5.71	2.86	0	0	0	0	0
15	87.50	75.83	65.00	55.00	45.83	37.50	30.00	23.33	17.50	12.50	8.33	5.00	2.50	0	0	0	0
16	88.24	77.21	66.91	57.35	48.53	40.44	33.09	26.47	20.59	15.44	11.03	7.35	4.41	2.21	0	0	0
17	88.89	78.43	68.63	59.48	50.98	43.14	35.95	29.41	23.53	18.30	13.73	9.80	6.54	3.92	1.96	0	0
18	89.47	79.53	70.18	61.40	53.22	45.61	38.60	32.16	26.32	21.05	16.37	12.28	8.77	5.85	3.51	1.75	0
19	90.00	80.53	71.58	63.16	55.26	47.89	41.05	34.74	28.95	23.68	18.95	14.74	11.05	7.89	5.26	3.16	1.58
20	90.48	81.43	72.86	64.76	57.14	50.00	43.33	37.14	31.43	26.19	21.43	17.14	13.33	10.00	7.14	4.76	2.86
21	90.91	82.25	74.03	66.23	58.87	51.95	45.45	39.39	33.77	28.57	23.81	19.48	15.58	12.12	9.09	6.49	4.33
22	91.30	83.00	75.10	67.59	60.47	53.75	47.43	41.50	35.97	30.83	26.09	21.74	17.79	14.23	11.07	8.30	5.93
23	91.67	83.70	76.09	68.84	61.96	55.43	49.28	43.48	38.04	32.97	28.26	23.91	19.93	16.30	13.04	10.14	7.61
24	92.00	84.33	77.00	70.00	63.33	57.00	51.00	45.33	40.00	35.00	30.33	26.00	22.00	18.33	15.00	12.00	9.33
25	92.31	84.92	77.85	71.08	64.62	58.46	52.62	47.08	41.85	36.92	32.31	28.00	24.00	20.31	16.92	13.85	11.08
26	92.59	85.47	78.63	72.08	65.81	59.83	54.13	48.72	43.59	38.75	34.19	29.91	25.93	22.22	18.80	15.67	12.82
27	92.86	85.98	79.37	73.02	66.93	61.11	55.56	50.26	45.24	40.48	35.98	31.75	27.78	24.07	20.63	17.46	14.55
28	93.10	86.45	80.05	73.89	67.98	62.32	56.90	51.72	46.80	42.12	37.68	33.50	29.56	25.86	22.41	19.21	16.26
29	93.33	86.90	80.69	74.71	68.97	63.45	58.16	53.10	48.28	43.68	39.31	35.17	31.26	27.59	24.14	20.92	17.93
30	93.55	87.31	81.29	75.48	69.89	64.52	59.35	54.41	49.68	45.16	40.86	36.77	32.90	29.25	25.81	22.58	19.57
31	93.75	87.70	81.85	76.21	70.77	65.52	60.48	55.65	51.01	46.57	42.34	38.31	34.48	30.85	27.42	24.19	21.17
32	93.94	88.07	82.39	76.89	71.59	66.48	61.55	56.82	52.27	47.92	43.75	39.77	35.98	32.39	28.98	25.76	22.73
33	94.12	88.41	82.89	77.54	72.37	67.38	62.57	57.93	53.48	49.20	45.10	41.18	37.43	33.87	30.48	27.27	24.24
34	94.29	88.74	83.36	78.15	73.11	68.24	63.53	58.99	54.62	50.42	46.39	42.52	38.82	35.29	31.93	28.74	25.71
35	94.44	89.05	83.81	78.73	73.81	69.05	64.44	60.00	55.71	51.59	47.62	43.81	40.16	36.67	33.33	30.16	27.14
36	94.59	89.34	84.23	79.28	74.47	69.82	65.32	60.96	56.76	52.70	48.80	45.05	41.44	37.99	34.68	31.53	28.53

Term of loan	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	.53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	1.43	.48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	2.60	1.30	.43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	3.95	2.37	1.19	.40	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	5.43	3.62	2.17	1.09	.36	0	0	0	0	0	0	0	0	0	0	0	0	0
24	7.00	5.00	3.33	2.00	1.00	.33	0	0	0	0	0	0	0	0	0	0	0	0
25	8.62	6.46	4.62	3.08	1.85	.92	.31	0	0	0	0	0	0	0	0	0	0	0
26	10.26	7.98	5.98	4.27	2.85	1.71	.85	.28	0	0	0	0	0	0	0	0	0	0
27	11.90	9.52	7.41	5.56	3.97	2.65	1.59	.79	.26	0	0	0	0	0	0	0	0	0
28	13.55	11.08	8.87	6.90	5.17	3.69	2.46	1.48	.74	.25	0	0	0	0	0	0	0	0
29	15.17	12.64	10.34	8.28	6.44	4.83	3.45	2.30	1.38	.69	.23	0	0	0	0	0	0	0
30	16.77	14.19	11.83	9.68	7.74	6.02	4.52	3.23	2.15	1.29	.65	.22	0	0	0	0	0	0
31	18.35	15.73	13.31	11.09	9.07	7.26	5.65	4.23	3.02	2.02	1.21	.60	.20	0	0	0	0	0
32	19.89	17.23	14.77	12.50	10.42	8.52	6.82	5.30	3.98	2.84	1.89	1.14	.57	.19	0	0	0	0
33	21.39	18.72	16.22	13.90	11.76	9.80	8.02	6.42	4.99	3.74	2.67	1.78	1.07	.53	.18	0	0	0
34	22.86	20.17	17.65	15.29	13.11	11.09	9.24	7.56	6.05	4.71	3.53	2.52	1.68	1.01	.50	.17	0	0
35	24.29	21.59	19.05	16.67	14.44	12.38	10.48	8.73	7.14	5.71	4.44	3.33	2.38	1.59	.95	.48	.16	0
36	25.68	22.97	20.42	18.02	15.77	13.66	11.71	9.91	8.26	6.76	5.41	4.20	3.15	2.25	1.50	.90	.45	.15

Prepayment rebate

Where the prepayment of an installment is merely a voluntary payment prior to its due date, such payment shall not be construed as increasing the ratio provided for in the regulations. However, if the entire balance outstanding on the note is paid in advance, the lending institution must make a rebate at a rate not less than 6 percent per annum of the amounts so paid in advance of their due dates if the lending institution has taken the maximum charge permitted. If a lesser charge has been taken, the rebate must be at not less than a proportional rate. The proportional rate to be used where a \$4 discount has been taken is 0.0475 and if a \$3.50 discount has been taken the rate is 0.0414. The unearned portion of the original charge retained by the lending institution represents compensation to it for making the loan and setting the transaction up on its books.

The formula for arriving at the minimum rebate is:

$$\frac{\text{Unmatured balance} \times 6 \text{ percent}}{M} \times \frac{N + 1}{2} = \text{minimum rebate}$$

NOTE.—N=number of periods anticipated. M=number of payments per year. "Unmatured balance" does not include past due amounts. Substitution of any greater percentage for 6 percent is encouraged.

Example: Date of note, June 15, 1950; face amount, \$344.94; net proceeds, \$300; finance charge, \$44.94; 36 payments of \$9.58, beginning July 15, 1950; prepaid in full, August 15, 1951.

$$\frac{\$344.94 - (14 \times \$9.58) \times 0.06}{12} \times \frac{22 + 1}{2} = \$12.12 \text{ (minimum rebate)}$$

The following table of factors may be used in lieu of the formula to calculate the minimum rebate which must be returned to the borrower. These factors apply where the maximum \$5 rate was used and where payment were by monthly installments.

Prepayment rebate factor table

To determine prepayment rebate, multiply amount of monthly installment by the applicable factor.

Number months anticipated:	6-percent rebate factors
35.....	3.150
34.....	2.975
33.....	2.805
32.....	2.640
31.....	2.480
30.....	2.325
29.....	2.175
28.....	2.030
27.....	1.890
26.....	1.755
25.....	1.625
24.....	1.500
23.....	1.380
22.....	1.265
21.....	1.155
20.....	1.050
19.....	.950
18.....	.855
17.....	.765
16.....	.680
15.....	.600
14.....	.525
13.....	.455
12.....	.390
11.....	.330
10.....	.275
9.....	.225
8.....	.180
7.....	.140
6.....	.105
5.....	.075
4.....	.050
3.....	.030
2.....	.015
1.....	.005

REFINANCING

The Federal Housing Administration encourages lending institutions to utilize the refinancing privilege permitted by the regulations in meritorious cases and where the facts and circumstances of the particular transaction justify retention of the account. Such action should be taken when it will assist the borrower in paying his obligation in full.

In refinancing notes previously reported for insurance, with or without an additional advance, the unearned charge must be refunded to the borrower. If no additional advance is made, the financial institution may assess the borrower a \$2 handling charge.

For simplicity in handling, it is suggested in the refinancing of an account that it be effected on the due date of an installment.

The formula for computing the amount of the unearned charge is:

Charge for full term \times proration factor 1 = earned charge.

Charge for full term—earned charge = unearned charge.

Example: Date of note, June 15, 1950; face amount, \$344.94; net proceeds, \$300; finance charge, \$44.94; 36 payments of \$9.58, beginning July 15, 1950; refinanced, August 15, 1951.

$$\$44.94 \times 0.62012^2 = \$27.87 \text{ (earned charge).}$$

$$\$44.94 - \$27.87 = \$17.07 \text{ (unearned charge).}$$

The table of factors on the preceding insert may be used in lieu of the formula to calculate the full unearned financing charge which must be credited to the borrower's account.

Each refinancing transaction should be reported within 31 days from the date of refinancing on the Title I Refinancing Report, Form FH-5.

CREDITS

In applying for and accepting a contract of insurance the lending institution assumes certain responsibilities. One of these is the responsibility of applying sound principles in the evaluation of credit.

Credit investigation and analysis

The lending institution in considering the credit of the applicant must bear in mind that available insurance coverage does not relieve it of the responsibility of exercising the care that a reasonable and prudent lender would take if the loan were not being offered for insurance.

The applicant must furnish the lending institution with an executed credit application on a form approved or provided by the Commissioner. The lending institution should obtain sufficient supplementary information to satisfy itself that the applicant represents a reasonable credit risk. If in the judgment of the lending institution it is deemed necessary, an individual credit report from a reputable credit reporting agency should be obtained plus such other information as is considered desirable. On the basis of all information before the lending institution it must then pass upon the reasonableness of the credit risk.

Consideration should be given to the applicant's ability to pay, as determined by the assurance of a steady and sufficient income that will allow, after the payment of ordinary living and operating expenses plus other obligations, sufficient coverage to make payments on his title I loan. Income from rents and other sources should be given consideration creditwise only when such income is verified and when it is determined

¹The proration factors for the various periods are published in a separate booklet, available upon request.

²Proration factor for the 14th period of a 36-payment loan.

that the income is of a sufficiently permanent nature to continue for the life of the loan.

The applicant borrower must have a reputation for meeting his obligations promptly. The lending institution should satisfy itself that approval will not result in an overextension of credit. The institution's profit depends upon the type of credits approved and to make a loan to a borrower knowing that the additional indebtedness cannot be repaid, benefits no one.

Security

In some cases it may be advisable to obtain security in the form of endorsers, co-makers, or collateral. The lending institution, however, should never accept security as a substitute for an otherwise unacceptable credit risk. If a security instrument is taken it should be recorded in accordance with the law of the applicable jurisdiction, and the cost may be collected from the borrower in addition to the maximum permissible financing charge.

Ratio of loan to value

It is important that the lending institution, when considering an application for a loan, determine that the value of the proposed improvements bears a proper relationship to the value of the property being improved and that the amount of credit applied for is in proper proportion to the value of the work to be done.

Lending institutions are encouraged to take steps to detect any notes based on inflated charges. It is obvious, of course, that notes which finance excessive charges represent unsound loans on which collection will be difficult if not impossible. More important than that, of course, is the fact that lending money under such conditions is a practice which is a grave disservice to the people of the community.

Prior approval of the Commissioner

In the event the proposed loan would result in a total principal amount outstanding in excess of \$5,000, exclusive of financing charges, to any borrower, the prior approval of the Federal Housing Commissioner must be obtained before the transaction will be eligible for insurance. The principal amount outstanding to any borrower applies to anyone who, as an eligible borrower on a proposed loan, is primarily or secondarily liable on any prior title I obligation. Such approval may be obtained from the local insuring office of the Federal Housing Administration having jurisdiction over the site of the property to be improved.

In submitting the transaction for approval, all papers bearing on the case, including the recommendation of the institution, the credit application, balance sheet, profit and loss statement, credit reports, and other supporting papers, should be forwarded to the local FHA office in order to insure prompt consideration.

Additional loans

If an additional loan is made to the same borrower, it is required that the lending institution obtain a new credit application in order to determine whether there has been any change in the borrower's condition of solvency and ability to pay since the previous loan, and also in order to determine the eligibility of the use of the proceeds of the new loan.

A borrower may obtain any number of loans to improve one or more properties owned by him. However, it is not intended that a borrower be permitted to circumvent the specific limitations which the National Housing Act places upon the various classes of loans by obtaining more than one loan for a single job. In accordance with the statute and regulations a borrower may secure an amount not in excess of the stated maximum amount for one complete job which he con-

templates at any given time. If, at a later date, as a separate job, he undertakes additional work he may secure another loan. Such loan, of course, would be subject to prior credit approval of the Commissioner if the additional credit, when added to the principal amount outstanding on other class 1 and class 2 loans to the same borrower, exceeds the aggregate amount of \$5,000.

Delinquency on prior loans

If, prior to the disbursement of the loan proceeds, the insured has knowledge that the borrower is past due more than 15 days in the payment of either principal or interest on an obligation owing to or insured by a department or agency of the Federal Government, the transaction will not be eligible for insurance. Following are examples of some governmental agencies:

1. Federal Housing Administration.
2. Farmers Home Administration.
3. Reconstruction Finance Corporation.
4. Rural Electrification Administration.
5. Veterans' Administration.

COLLECTIONS

An insured lending institution is expected to pursue an aggressive policy in the collection of title I loans. In carrying out such a policy it is suggested that use be made of form notices, dictated letters, telegrams, telephone calls, and personal contacts. A system of form notices should be established which calls for automatic followup, such as the 5th, 10th, and 15th days after default occurs. If these notices do not produce results, the account should receive special handling. The use of the telephone is strongly recommended for inside collection and if results are not obtained the borrower should be personally contacted by an outside collector. Every effort should be made to discover the reason for default and to effect reinstatement of the account. It is of the utmost importance to keep in close contact with the borrower when his note has become delinquent. Constant followup is essential to a successful collection program.

In the case of recalcitrant borrowers who have the ability to pay and the facts of the transaction warrant, the lending institution should consider the advisability of instituting legal action. Ample provision has been made in the regulations to reimburse the lending institution for the expense which will be incurred in legal proceedings.

In furtherance of a collection program, lending institutions are urged to consider refinancing delinquent loans, within the limits prescribed by the regulations, over a longer term with smaller monthly payments where borrowers due to illness, unemployment, or other legitimate reasons are unable to meet the schedule of payments called for by their note. If refinancing is not practicable, lending institutions may request an extension of the 6 months allowable claim period for the purpose of carrying the account delinquent for a longer time, in order to work out a satisfactory plan of liquidation.

It is not necessary for a lending institution to report paid in full class 1 and 2 loans to the Federal Housing Administration.

ELIGIBLE IMPROVEMENTS

The following statement of basic policy may be supplemented by a specific ruling as to any particular project or item about which there may be doubt on the part of the lending institution, upon application to the Federal Housing Administration, Washington 25, D. C. Requests for rulings should be supported, if possible, by descriptive or illustrated literature in the case of a specific individual item, as well as plans and specifications where general projects involving various improvements are contemplated.

Existing structures—Class 1 (a) loans

The structure to be improved must exist as a completed building that is occupied or used, was formerly occupied or used, or

has been made ready for occupancy or use.

No part of a loan may be used to finance the cost of completing an unfinished structure. This does not exclude a loan for the repair of a previously complete structure which has been damaged but not substantially destroyed by deterioration, flood, fire, or other casualty; nor the construction of an attached garage, or other attached building in connection with a completed house or other existing buildings, such as homes, apartment houses, hotels, office buildings, hospitals, orphanages, colleges, churches, and manufacturing and industrial plants.

Eligible expenditures include those for structural alterations, repairs, or additions upon the structure itself, or in connection therewith. The enlargement of the size of the structure, a new stairway, new flooring, new porch, roof, plumbing, wiring, painting, plastering, venetian blinds, awnings, and heating systems, which in themselves are alterations and improvements, are eligible expenditures.

Improvements in connection with the existing structure may also include such changes in the status of the ground on which the building stands as grading and landscaping, private sidewalks, private curbs, fences, and driveways. Likewise the installation of a septic tank or cesspool, the drilling of a well together with necessary pumping equipment and piping, although removed from the structure but in connection with the structure, are eligible.

A loan to convert one type of building into a different type will be eligible provided a substantial part of the original building is left standing. For instance, a loan for the conversion of a single-family dwelling into an apartment would be eligible if the walls and other main structural elements are left standing. A new stairway, new windows, rooms, porch, etc., may be added, and partitions changed.

A loan to demolish a structure or to move a structure off the premises would not be eligible except where such demolition or moving is for the purpose of improving an existing structure remaining on the property.

Loans to finance the cost of insulating an existing structure, putting on a new roof, installing a new bathroom, adding closets, repairing the floors, walls, or ceiling are eligible.

Heating systems, including stokers, oil burners, coal, gas, and electric furnaces, and plumbing and wiring, when a permanent part of the realty, are eligible.

Equipment and machinery such as presses, drills, lathes, and other similar items used in an industrial or commercial establishment are not eligible regardless of the method or permanency of installation.

Refrigerators, washing machines, ironers, stoves, dishwashers, carpeting, draperies, and other household appliances and furnishings are not eligible.

Bearing in mind that loans for eligible repairs, alterations, and improvements must be upon existing structures or in connection therewith, the following principles are applicable:

(a) The repair, improvement, or addition must be physically attached to and a part of the structure or in connection therewith.

(b) Improvements and additions which are removable or by their character necessarily temporary, are not eligible. Items which are of a nature generally considered as trade fixtures or equipment for commercial or industrial use are not eligible.

(c) A loan for the improvement of a structure to make such structure adaptable to the installation of ineligible equipment and machinery is insurable but a loan for the purchase of such ineligible equipment and machinery is not insurable. For example, a loan to strengthen the foundation, walls, and the floors of a structure to hold safely heavy machinery that may be installed

would be eligible but a loan for the purchase of the machinery would not be eligible.

(d) An ineligible item does not become eligible merely because it is attached to the realty.

Class 1 (b) loans

It is required that the proceeds of a class 1 (b) loan be used to alter, repair, improve, or convert a structure so as to further its use as a dwelling for two or more families. For example, a single-family house may be converted into a 2-family house; a dwelling for 2 or more families may be improved by painting or by installing a new heating system or a new plumbing system. It would be eligible to alter a commercial building so as to provide living accommodations for two or more families. However, it would not be permissible to use the proceeds of a class 1 (b) loan to benefit the business that may be conducted in a structure, such as installing a new store front, even though the building is used or will be used as a dwelling for two or more families.

In order that the lending institution may determine (a) the eligibility of the proposed work and (b) the fact that the structure to be improved is used or will be used for 2 or more families the borrower should clearly indicate the required information in his credit application and in the statement of the improvements as required by regulation VIII, section 1 (d). The lending institution may rely upon such information in the absence of information to the contrary.

"Family" as used in the regulations is defined as one or more persons living, sleeping, cooking, and eating on the same premises as occupants of one living unit.

If there is any doubt as to whether a proposed project is eligible for class 1 (b) financing, all the facts of the case may be submitted to Washington for an official ruling.

New structures—class 2 loans

Examples of new structures eligible for a class 2 loan which may be erected on improved or unimproved real property are barns, garages, service buildings, wayside stands, gasoline stations, tourist cabins, bunk houses for itinerant farm laborers, and industrial or commercial buildings.

A class 2 loan may not include the cost of trade equipment used in the operation of the business that will occupy the structure. The loan may include the cost of heating or lighting systems and similar items which are eligible for class 1 improvement loans. For example, a loan not in excess of \$3,000 may be used to erect a commercial building, including a heating system, but no portion of the proceeds may be used to buy and equip the structure with trade fixtures.

The proceeds of a class 2 loan must be used to finance the building of a new structure that will be ready for use upon completion. It is not permissible to purchase an existing structure nor to apply the proceeds to complete a structure that is partially built.

More than one new structure may be built on a single piece of property but the principal amount of any one loan may not exceed the maximum of \$3,000 for any one piece of property. For example, if a borrower wishes to erect a new barn to cost \$1,500 and 3 separate service buildings to cost \$500 each, a loan for the full \$3,000 would be eligible.

No portion of a class 2 loan may be used for demolishing existing structures to make room for a new structure. However, the erection of a new structure on an old foundation would be eligible.

PRIOR LIENS

A class 1 or a class 2 loan to supplement another obligation not reported for insurance, the payment of which is secured by a prior lien created in connection with the proposed work, is not eligible. In other words, if a borrower were able to obtain a mortgage loan of \$1,000 and planned to repair or build a structure to cost \$3,500 when

completed, an additional loan of \$2,500 would not be insurable. However, if the borrower had \$1,000 cash, which did not represent the proceeds of a loan secured by a prior lien executed in connection with the proposed work, a loan of \$2,500 would be eligible.

SUPPLEMENTAL COSTS

An eligible class 1 or class 2 loan may include the cost of architectural and engineering services. However, a loan may not include the cost of land, nor may such items as cost of title search, credit reports, appraisals, etc., be included if such costs are in addition to the maximum permitted financing charge.

DEALER RELATIONSHIP

The financing of property improvement loans is remarkably free of misrepresentation and abuse, considering the enormous volume of business that is transacted. Nevertheless, there arise from time to time unscrupulous dealers who through a variation of circumstances endeavor to conduct their business by fraudulent or irregular methods. There is no place in the title I program for such dealers or their sales employees. Their prompt identification and elimination is to the advantage of all lending institutions and the majority of dealers who conduct their operations on a high level, and it also affords a measure of protection to property owners. Therefore, it is incumbent on the lender to select carefully the dealers from whom it purchases notes or with whom it cooperates in making loans directly to borrowers and to maintain a constant review and supervision of the business generated.

The closer the association between the borrower, the dealer and the lender, the less likelihood there is of credit misrepresentation, misapplication of funds, overselling or other abuses. Conversely, the more distant the working relationship becomes, the greater are the possibilities for intentional or unintentional irregularities.

Some irregularities growing out of dealer operations arise from a lack of understanding of the regulations while others result from carelessness, unscrupulousness, or unlawfulness. These irregularities consist of such abuses as grossly overstating the merits of the product, faulty workmanship, assuring performance of doubtful attainment, stipulating guaranties beyond those of the manufacturer, promising cash bonuses on repeat sales in the neighborhood, encouraging trial purchases, inflating the sale price, and not disclosing to the borrower that in addition to the cost of the improvements, his not will be for an amount that includes the allowable financing charges. Misrepresentation as to durability, performance, permanence, and workmanship are the insignia of the unscrupulous dealer or salesman.

Dealer approval

The Federal Housing Administration does not approve dealers for participation in the title I program. This is a responsibility of the lending institution.

The regulations require the insured institution to have a file on each dealer containing an application signed and dated by the dealer. It is further required that the file contain a signed and dated approval of the dealer, such approval being supported by information in the file that the dealer is (1) reliable, (2) financially responsible, (3) qualified to perform satisfactorily the work to be financed, and (4) equipped to extend proper service to the customer. The absence of such a file containing the required dealer application and approval with supporting information is a violation of the regulations and loans purchased from such unapproved dealers do not meet the requirements of the insurance contract. Where claim for reimbursement is shown to have resulted from default occasioned by fraud or faulty performance on the part of the dealer, the in-

sured may be called upon to furnish the Commissioner with the file containing its approval of the dealer.

Investigation and approval of dealers should not be considered in a cursory manner. The role of the dealer is one of great importance as he or his salesmen, in effect, represent the insured institution when discussing the terms of financing with the home owner and when obtaining the execution of the loan documents. Thus the dealer should not be a stranger to the insured but the latter should have full knowledge of the principals, the salesmen, and their method of operation.

Only a thorough investigation will develop sufficient information to enable the insured institution to make a sound and proper decision. It is contrary to the policy of the Federal Housing Commissioner to permit lending institutions to use insurance coverage provided by the National Housing Act for the purpose of testing the dependability of dealers with whom they have had no previous experience and with respect to whom they do not have adequate and reliable information.

The insured institution must ascertain that—

1. The dealer is reliable: If the insured institution has no knowledge of the reliability of the dealer, a thorough check should be made to assure that the dealer is honest, trustworthy, and can be relied upon to fulfill the contracts he enters into with his customers. Such information may include the experience of the local FHA office, experience of other lending institutions, Better Business Bureaus, or similar agencies and, should the situation demand, the experience of previous customers.

2. The dealer is financially responsible: Information in possession of the insured should clearly indicate that the dealer has a reputation for paying his bills promptly and has the financial strength to operate his business properly. It is a sound practice to obtain from the dealer his current balance sheet and profit-and-loss statement which in turn may be supported by a commercial credit report. Periodically, this financial information should be brought current and the dealer's financial soundness reviewed in the line of current operations.

3. The dealer is qualified to perform satisfactorily the work to be financed and is equipped to extend proper service to the customer: The requirements of the specific case will dictate the information necessary to ascertain that the dealer is experienced in the business he is conducting and has the organization and equipment to perform the work and extend proper service to the customer. In the absence of personal knowledge of the dealer, it is recommended that a representative of the institution call upon the dealer at his place of business and prepare a report clearly showing that the dealer possesses the required qualifications.

It is equally important that the following aspects of each dealer operation be carefully considered:

Salesmen: Dealers should be cautioned as to hiring itinerant salesmen, those whose identity cannot be verified, and individuals whose title I activities are subject to precautionary measures. It is recommended that frequent meetings be held with the salesmen and supervisory personnel to make certain that they are properly instructed as to the insured's credit and lending policies, as well as to the spirit and letter of the title I regulations. It should be clearly understood by the dealer that he will be held responsible for the acts of his salesmen, and the dealer should be cautioned in the hiring of new salesmen. Occasionally, unethical salesmen traveling from city to city will attach themselves to a reputable dealer and develop sales by misrepresentation and false promises. Dealers should be advised to obtain a personal-history statement from each

salesman and make a thorough check of his antecedents before hiring.

Improvements to be financed: The dealer file should contain information showing the type of work done, the kind of materials used, the manner of installation and the price range. This may be supplemented by descriptive literature used by the dealer in the promotion of his business and such other informational material as may be available. Title I loans should not be used to finance products of doubtful merit or those being sold at an inflated sales price.

Inspection of work

A direct and constant control should be maintained by adhering strictly to a policy of verifying periodically the transactions originated by each dealer. Such verifications sometimes called spot checks or commodity checks, are made by the lending institution, by a telephone call or preferably by a personal call. A number of questions may be asked the borrower to determine whether the work stated on the borrower's credit application was completed satisfactorily, whether the borrower was promised or given any cash, whether any reasonable guaranties were given as to the workmanship or the product, whether the borrower was told that his house would be a model and he would receive a commission on all sales generated in the neighborhood, and whether there was a clear understanding as to the cost of the job and the terms of financing. If a personal call is made, the representative should formulate an opinion as to the workmanship on the job, look for ineligible items, and estimate whether the cost of the improvement was in keeping with the value of the property.

Whenever an institution has an occasion to withdraw approval of a dealer, the file should clearly indicate the reason for the action, the date, and indicate by whom taken.

Maintenance of record on each approved dealer

As a basis for determining whether continued dealer approval is warranted the insured institution is required to establish and maintain a separate control record on each dealer indicating at least the volume of loans purchased, claims filed, and borrower complaints received or irregularities discovered.

A suggested control record form that an institution may reproduce with the addition of space for other data deemed necessary appears elsewhere in this statement of policy.

Report to Washington

Material irregularities or unethical practices perpetrated by anyone participating in the title I program should be reported to the Commissioner promptly.

DISBURSING PROCEEDS OF A LOAN

To the borrower

The lending institution may disburse the proceeds of the note to the borrower by cash, by check or money order drawn solely in favor of the borrower(s), or by crediting the borrower's account. In such cases dealer approval, completion certificates, dealer's contract or sales agreements, and borrower authorization certificates are not required for such loans since transactions of this kind are deemed to be "loans made directly to the borrower."

A loan is not considered as having been made "directly to the borrower" if the dealer is permitted to participate in the disbursement in any manner, such as receiving the check or money order (although made payable to the borrower) or accompanying the borrower to the institution for the obvious purpose of receiving payment. In other words, disbursement must be made to the borrower in such a way that he will have complete control of the funds at all times.

To the dealer

In connection with all other loans, the financial institution must have investigated and approved the dealer and have in its possession, properly signed and dated:

(1) FHA title I completion certificate (FH-2).

(2) Copy of dealer's contract or sales agreement, and, if the financial institution is the payee of the note, a

(3) Borrower's authorization certificate.

The FHA title I completion certificate provides for two types of transactions (a) the furnishing and installation of articles and materials and completion of all work, and (b) the delivery of articles and materials only. In either case the services performed by the dealer must constitute the entire consideration for which the note was executed and delivered by the maker. Under this provision, articles and materials or services not to be delivered or performed by the dealer may not be included in the transaction. The completion certificate may be reproduced provided the minimum size is 8 by 7 inches and there is no deviation as to content or format; except, that if only one type of transaction is to be handled the reproduction of the completion certificate omitting the certification that is not applicable will be permitted.

An acceptable form of borrower's authorization certificate is reproduced in this booklet. It is permissible to incorporate the contents of the borrower's authorization certificate in the note, credit application, or com-

pletion certificate. Lending institutions are urged to consult their own attorneys as to what effect, if any, such incorporation will have on the validity and enforceability of the note.

The purpose of the foregoing disbursement procedure is to protect the borrower, the lending institution, and the Government by making certain that all improvements contracted for are actually completed to the borrower's satisfaction and that other persons do not obtain the loan proceeds without the work being completed.

Dealer's contract or sales agreement

In dealer disbursement transactions lending institutions are required to obtain a copy of the contract, or sales agreement, signed by the borrower and the dealer, describing the type and extent of improvements to be made and the material to be used. The contract or sales agreement must be of a type regularly used by the dealer in his business. Signatures on the lender's copy may be a carbon imprint of the signatures on the original contract or sales agreement.

The Federal Housing Administration does not approve or furnish dealer contract or sales agreement forms. If a dealer has any question regarding his contract or sales agreement he should obtain the advice of counsel in the jurisdiction where operations are contemplated.

The following chart is self-explanatory and may be used as a convenient reference in determining when the three instruments discussed in the foregoing are required:

When note is payable to—	And proceeds are paid to—	Required		
		Completion certificate (FH-2)	Dealer's contract	Borrower's authorization certificate
Lending institution.....	Borrower.....	No.....	No.....	No.....
Do.....	Other than borrower.....	Yes.....	Yes.....	Yes.....
Do.....	Borrower and another jointly.....	Yes.....	Yes.....	No.....
Payee other than lending institution.....	Payee on endorsement.....	Yes.....	Yes.....	No.....

Advance notice to the borrower

At least 6 calendar days prior to making disbursement to a dealer the lending institution is required to give the borrower written notice of the approval of his credit application. If, for example, the notice is mailed on the 1st day of the month, disbursements shall not be made before the 7th day of the month. It is not required that the borrower acknowledge receipt of the notice. However, the insured must have a record of having mailed or delivered such notice. An acceptable record of delivery would be a dated carbon copy of the notice or a dated entry in the borrower's loan file.

Supplies of the advance notice are not furnished by FHA as it is believed that institutions should issue the notice on their own stationery. As the regulations require such notice on a form approved by the Commissioner, this shall be considered as official approval of any notice that contains in its text the following minimum data:

[Letterhead of institution]

Advance notice to applicant for FHA title I loan

----- Date-----
(Borrower's name)

(Address)

We have approved your FHA application for credit in the net amount of \$-----, for ----- months under title I of the National Housing Act as presented to us by-----

(Dealer)

Please notify us immediately if you have any questions regarding the transaction.

(Name of institution)

Lenders are encouraged to add to this notice any additional material that may be helpful to the homeowner in fully understanding the transaction. Notices in use by some lenders indicate the gross amount of the loan, the amount of the monthly payment, and the finance charge. Frequently a warning is expressed against bonus selling and the borrower is cautioned that the completion certificate should not be signed until he is satisfied as to the completion of the job.

Verification of signatures

Care should be exercised to check the signatures on the borrower's portion of the completion certificate and borrower's authorization certificate with the signatures on the credit application and note as a precaution against forgery.

Precautionary measures

Occasionally there are dealers or salesmen employed by them, who tend to abuse the privileges accorded under the program. When such irregularities or disregard for the statute and regulations are brought to the attention of the Federal Housing Administration, lending institutions will be notified. When such notification is received from the Commissioner, or his authorized agent, the provisions of regulation VIII, section 2, will apply.

Lending institutions are encouraged to consult with the local Federal Housing Administration field office if a dealer problem arises where they feel assistance is needed.

CLAIM FOR LOSS

Claim for reimbursement of loss on an eligible note may be made to the Commissioner at any time after the note is in default and written demand has been made upon

the borrower for payment in full of the obligation. Claim for loss must be filed within 31 days when any full installment has become 6 months in default, unless an extension of the allowable claim period has been granted by the Commissioner.

An insured may proceed against any security taken and file claim for deficiency, if any, provided the approval of the Commissioner is obtained.

Computation of the allowable claim period

If the equivalent of a full installment is received prior to the expiration of the 6-month period, the amount of such payment should be credited to the earliest unpaid installment and the 6-month period shall be calculated from the date of the first following installment remaining unpaid.

For example: If the note calls for monthly payments of \$30, due the first of each month, and the borrower defaults on his January, February, March, April, May, June, and July installments, claim must be filed by the institution on or before August 1.

If the borrower had, however, defaulted on his January and February installments but in March made a \$15 payment and in April a \$15 payment, the total of these two payments would be credited to the January installment. In so doing the January default is cured and the February 1 installment then becomes the first one in default and the 6-month period is calculated therefrom. If no additional payments are made, claim, in this case, must be filed by the institution on or before September 1.

Computation of claim for loss

The claim-for-loss report should be executed in complete detail when submitted to the Administration. If all necessary information is supplied initially, delay in auditing claims for loss will be avoided.

The claim file should contain information or a statement giving the reason for default. It should include all credit information, collection correspondence with the borrower, and memoranda covering telephone calls and personal contacts. This information is desired in order to assist the Federal Housing Administration to take the proper action at once in salvaging the account and protecting the interest of the Government.

The insured should file timely claim in bankruptcy, creditor, and insolvency proceedings and in proceedings in connection with decedent borrowers' estates, if notified thereof prior to filing claim with the Commissioner, and also should give the Commissioner notice of any suit instituted prior to such claim being filed in which the insured has been made a party by reason of being the holder of the insured obligation.

Example: In the following example it is shown how much a lending institution would be entitled to as a claim under its contract of insurance:

Suppose on a \$1,000, 3-year note, dated August 1, and payable in monthly installments of \$27.78 the maximum discount of \$130.28 was taken. Payments were received as follows: The first 5 payments were made on the dates due; that is, September 1, October 1, November 1, December 1, and January 1; the payment due February 1 was received 60 days late; that is, April 1. No additional payments were received and the lending institution matured the note, demanded payment of the full unpaid balance, brought suit, and obtained judgment. On July 1, \$50 was collected. Nothing more was received, and application for reimbursement for loss was filed on July 25.

In calculating claims, the date of default from which the institution is entitled to 4 percent interest is, in this instance, March 1;

that is, the earliest date on which an installment was due and for which full payment was not received prior to the maturing of the note. Therefore, the above claim would include the following items:

1. Charge for full term of loan, \$130.28 (this charge is to be prorated to the date of default. The proration is figured on the basis of the number of full installments received prior to the date demand was made for the full unpaid balance):

Charge prorated to date of default \$45.19

Proceeds of loan (amount received by borrower) (\$1,000—\$130.28)	\$869.72
Total to date of default	914.91
Less amount received in regular installments	166.68
Unpaid principal at time of default	748.23
Less amount received other than in regular installments	50.00
Net unpaid principal	698.23
2. Interest earned at 4 percent on \$748.23 from Mar. 1 to July 1	10.00

Interest earned at 4 percent on \$698.23 from July 1 to July 25 (date of application for reimbursement)	\$1.84
3. Uncollected court costs and disbursements	6.00
4. Attorney's fees, 15 percent of \$50 (amount collected after default)	7.50
5. Attorney's fees for securing judgment	25.00
6. Additional attorney's fees (action contested and judgment obtained)	191.67
Total amount to be paid	840.24
1 \$50 plus 5 percent of \$833.32.	

FH-2
Revised October 1953

Form Approved
Budget Bureau No. 63-R282.5

FHA TITLE I COMPLETION CERTIFICATE
(Work done or materials delivered)

To: of
(Financial institution) (Address)

In accordance with my (our) credit application dated, for a loan pursuant to the provisions of Title I of the National Housing Act:

CHECK HERE IF LOAN IS TO PAY FOR COST OF MATERIALS AND INSTALLATION.

☐ I (we) hereby certify that all articles and materials have been furnished and installed and the work satisfactorily completed on premises indicated in my (our) credit application.

CHECK HERE IF LOAN COVERS ONLY THE PURCHASE OF MATERIALS.

☐ I (we) hereby acknowledge receipt in satisfactory condition of the materials described in my (our) credit application.

I (we) certify that I (we) have not been given or promised a cash payment or rebate nor has it been represented to me (us) that I (we) will receive a cash bonus or commission on future sales as an inducement for the consummation of this transaction. I (we) understand that the selection of the dealer and the acceptance of the materials used and the work performed is my (our) responsibility and that neither the FHA nor the financial institution guarantees the material or workmanship or inspects the work performed.

NOTICE TO BORROWER

Do not sign this certificate until you are satisfied that the dealer has carried out his obligations to you and that the work or the materials have been satisfactorily completed or delivered.

Date
Borrower Signature
Borrower Signature
(READ BEFORE SIGNING)

For the purpose of inducing the payment of proceeds of this loan and the insurance thereof by the FHA the undersigned certifies and warrants that:

(1) The above work or materials constitute the entire consideration for which this loan is made, (2) a copy of the contract or sales agreement has been delivered to the borrower and the above financial institution, (3) this contract contains the whole agreement with the borrower, (4) the borrower has not been given or promised a cash payment or rebate nor has it been represented to the borrower that he will receive a cash bonus or commission on future sales as an inducement for the consummation of this transaction, (5) the work has been satisfactorily completed or materials delivered, (6) the above certificate was signed by the borrower after such completion or delivery, (7) the signatures hereon and on the note are genuine, (8) all bills for labor or materials have been or will be paid.

If any of the above representations prove incorrect, the undersigned agrees to promptly repurchase the note from the financial institution or from the FHA as the case may be.

DEALER SIGN HERE

Date By
(Name of dealer) (Signature)

WARNING: Any person who knowingly makes a false statement or a misrepresentation in this certificate shall be subject to a fine of not more than \$5,000 or to imprisonment for not more than 2 years, or both, under provisions of the United States Criminal Code.

SUGGESTED FORM OF BORROWER'S AUTHORIZATION CERTIFICATE

BORROWER'S AUTHORIZATION CERTIFICATE

I (We) hereby authorize and direct the 19.....
(Financial institution) to pay the proceeds of my (our) note
dated for \$..... to
(Signature)

The FHA does not furnish this form. It may be reproduced by any process.

FH-13

Form Approved
Budget Bureau No. 63-R844

FHA TITLE I DEALER APPLICATION

To: (Insured institution) (Date)

The following information is furnished for the purpose of inducing you to approve my (our) application as a dealer, pursuant to the provisions of Regulation VIII, Section 1 (a) issued by the Federal Housing Commissioner under the authority contained in Title I of the National Housing Act.

Business name Phone
Address (Street) (City) (Zone) (State) For past years
Previous address (Street) (City) (State) For years
Type of business (General contracting, lumber yard, heating, etc.) Date established

Ownership: ☐ Sole owner ☐ Partnership ☐ Corporation

Principals: (Name) (Title) (Home address)
..... (Name) (Title) (Home address)
..... (Name) (Title) (Home address)

Trade references (name suppliers of major products financed under Title I FHA):
Name Address
.....
.....
.....

Bank of deposit
Have discounted paper with:
..... (Name) (Address) From (year) to (year)
..... (Name) (Address) From (year) to (year)

If paper to be financed represents the sale of a specialty product, indicate trade name and manufacturer

(Attach descriptive literature and price list)

Sales area
Address of branches

Number of branches

Describe any guaranty given buyers

Financial statement as of _____ is attached.
(Date)

I (we) understand that I (we) are fully responsible for the Title I activity of all sales personnel, that ethical and proper selling practices will be followed, and that immediate attention will be given to all complaints involving materials, workmanship or sales representations.

I (we) certify that the statements are true. I (we) understand this application shall remain the property of the financial institution to which it is submitted and, if requested, a copy may be furnished to the Federal Housing Administration.

Firm

Name

(Title)

WARNING: Any person who knowingly makes a false statement or a misrepresentation in this certificate shall be subject to a fine of not more than \$5,000 or to imprisonment for not more than 2 years, or both, under provisions of the United States Criminal Code.

THIS SPACE FOR USE OF DEALER IN SUPPLYING ADDITIONAL INFORMATION

THIS SPACE FOR USE OF INSURED INSTITUTION

- ☐ Dealer given copy of dealer guide.
☐ Firm and all principals checked against precautionary measures list.
☐ References checked.
☐ Credit report dated _____ attached.
☐ Previous lenders checked.
☐ Place of business inspected by _____
Date _____
Remarks _____

The dealer whose application appears on the reverse hereof has been approved after such investigation as we consider necessary to establish that the dealer is reliable, financially responsible and qualified to perform satisfactorily the work to be financed and to extend proper service to the customer.

Dealer approved _____ 195_____
By: _____

TITLE I—DEALER RECORD FORM

Dealer

Address

Month

Name and address of loan applicant	Received		Proceeds disbursed		Rejected		Jobs "spot-checked"		Service complaints		Claims filed		
	Date	Amount	Date	Amount	Date	Reason	Date	Results	Date	Remarks	Date	Balance	Reason
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													

FHA does not furnish this form. It may be reproduced with such modifications necessary to meet any special needs of the financial institution.

PART 1.¹ REGULATIONS OF THE FEDERAL HOUSING COMMISSIONER GOVERNING PROPERTY IMPROVEMENT LOANS UNDER TITLE I OF THE NATIONAL HOUSING ACT

REGULATION I. CITATION

These regulations may be cited as the "Regulations of the Federal Housing Commissioner Governing Property Improvement Loans effective July 1, 1947."

REGULATION II. DEFINITIONS

As used in these regulations the term—

1. "Act" means the National Housing Act, as amended.
2. "Administration" means the Federal Housing Administration.
3. "Commissioner" means the Federal Housing Commissioner or his duly authorized representative.
4. "Contract of insurance" includes all of the provisions of these regulations and of the applicable provisions of the act.
5. "Insured" means a financial institution holding a Contract of Insurance under Title I of the act.
6. "Loan" means an advance of funds or credit or the purchase of an obligation evidenced by a note.
7. "Note" includes a note, bond, mortgage, or other evidence of indebtedness.

8. "Payment" includes a deposit to an account or fund which represents the full or partial repayment of a loan.

9. "Borrower" means one who applies for and receives a loan in reliance upon the provisions of the act and whose interest in the property to be improved is (1) a fee title, or (2) a life estate, or (3) an equitable interest under an instrument of trust or contract, or (4) a lease having a fixed term, expiring not less than 6 calendar months after the maturity of the loan.

10. "Class 1 (a) loan" means a loan, other than a loan defined in section 11 of this regulation as a "class 1 (b) loan," which is for the purpose of financing the repair, alteration, or improvement of an existing structure or of the real property in connection therewith, exclusive of the building of new structures. The term "existing structure" means a completed building that has or had a distinctive functional use.

11. "Class 1 (b) loan" means a loan which is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families.

12. "Class 2 (a) loan" means a loan which is for the purpose of financing the construction of a new structure which is to be used exclusively for other than residential or agricultural purposes.

13. "Class 2 (b) loan" means a loan which is for the purpose of financing the construc-

tion of a new structure for use in whole or in part for agricultural purposes, exclusive of residential purposes.

14. "Class 1 loan" includes both "class 1 (a)" and "class 1 (b)" loans as defined in sections 10 and 11 of this regulation.

15. "Class 2 loan" includes both "class 2 (a)" and "class 2 (b)" loans as defined in sections 12 and 13 of this regulation.

REGULATION III. ELIGIBLE NOTES

1. Validity: The note shall bear the genuine signature of the borrower as maker, shall be valid and enforceable against the borrower or borrowers as defined in regulation II, section 9, and shall be complete and regular on its face. The signatures of all parties to the note must be genuine. If the note is executed for and on behalf of a corporation or in a representative capacity, the note must create a binding obligation of the principal.

2. Acceleration clause: The note shall contain a provision for acceleration of maturity, either automatic or at the option of the holder, in the event of default in the payment of any installment upon the due date thereof.

3. Payments: The note shall be payable in equal monthly, semimonthly, or weekly installments. The first installment or the final installment may be more or less than the other installments provided that it is not less than one-half or more than one and one-half times the amount of a regular in-

¹ Part II governs class 3 new home loans. Authority to insure such loans expired April 20, 1950.

stallment.* A note may not provide for a first payment less than 6 days nor more than 2 calendar months from the date of the note. However, if 51 percent or more of the income of the borrower is derived directly from the sale of agricultural crops, commodities, or livestock produced by him, a note may be made payable in installments corresponding to income periods shown on the credit application. In such cases, the first payment must be made within 12 months of the date of the note and at least one payment shall be made in each 12 months thereafter, provided that no two payments shall be more than 12 months apart, and the proportion of total principal to be paid in later years shall not exceed the proportion of total principal payable in earlier years. In lieu of an installment note payable in equal periodic installments a loan may be evidenced by a series of notes provided each is of an equal amount as provided in this regulation and that each note indicates on its face that it is one of a series signed by the same borrower.

4. Maturity: (a) Minimum: The note shall not have a final maturity of less than 6 calendar months from the date of the note.

(b) Maximum: The maximum permissible maturity of a note evidencing:

(1) A class 1 (a) or a class 2 (a) loan is 3 years and 32 days from the date of the note.

(2) A class 1 (b) loan is 7 years and 32 days from the date of the note.

(3) A class 2 (b) loan is 7 years and 32 days from the date of the note, except that if a class 2 (b) loan is secured by a first mortgage, first deed of trust, or other security instrument constituting a first lien upon the improved property, the loan may have a final maturity not in excess of 15 years and 32 days from the date of the note.

(4) A combination of any of the above classes of loans shall be no greater than the maximum maturity governing that component part of the loan having the shortest maturity if made alone.

5. Late charges: The note may provide for a late charge, not to exceed 5 cents for each \$1 of each installment more than 15 days in arrears. No late charge on a past-due installment may be accrued in excess of \$5. In lieu of late charges, notes may provide for interest on past-due installments at a rate not in excess of the contract rate in the jurisdiction in which the note is drawn. The borrower must be billed for the penalties collected as such; and evidence of such billing must be in the file if claim is made under the contract of insurance.

REGULATION IV. MAXIMUM AMOUNT OF LOANS

1. Class 1 (a) loan: A class 1 (a) loan shall not involve a principal amount, exclusive of financing charges to the borrower, in excess of \$2,500.

2. Class 1 (b) loan: A class 1 (b) loan shall not involve a principal amount, exclusive of financing charges to the borrower, in excess of \$10,000.

3. Class 2 loan: A class 2 loan shall not involve a principal amount, exclusive of financing charges to the borrower, in excess of \$3,000.

REGULATION V. FINANCING CHARGES

1. Maximum charge: The maximum permissible financing charges, exclusive of fees and charges as provided by section 2 of this regulation, which may be paid by the borrower for interest, discount, and fees of all kinds in connection with the transaction, shall be computed as follows:

(a) Class 1 loans having a principal amount not in excess of \$2,500 shall not have a financing charge in excess of an amount equivalent to \$5 discount per \$100 original face amount of a 1-year note, to be paid in equal monthly installments calculated from the date of the note.

(b) Class 1 loans having a principal amount in excess of \$2,500 shall not have a financing charge in excess of an amount equivalent to \$4 discount per \$100 original face amount of a 1-year note, to be paid in equal monthly installments calculated from the date of the note.

(c) Class 2 loans shall not have a financing charge in excess of an amount equivalent to \$5 discount per \$100 original face amount of a 1-year note, to be paid in equal monthly installments calculated from the date of the note, except that class 2 (b) loans having a maturity in excess of 7 years and 32 days shall not have a financing charge in excess of an amount equivalent to \$3.50 discount per \$100 original face amount of a 1-year note, to be paid in equal monthly installments calculated from the date of the note.

Such charges correctly based on tables of calculations issued by the Federal Housing Commissioner are deemed to comply with this regulation.

An increase in the ratio of the charge to the average amount outstanding on the debt over the maximum provided in this regulation, which increase results from the first payment falling due less than 30 days after the date of the note as provided in regulation III, section 3 shall not be deemed to be in conflict with this regulation.

2. Permissible additional charges: If the insured takes security in the nature of a real-estate mortgage, deed of trust, conditional sales contract, chattel mortgage, mechanic's lien, or other security device for the purpose of securing the payment of eligible loans, the insured may collect from the borrower, in addition to the maximum permissible financing charge as provided in section 1 of this regulation, the following expenses actually incurred by the insured in connection with the transaction: Recording or filing fees, documentary stamp taxes, title examination charges and hazard insurance premiums, provided that such costs or expenses are not paid from the proceeds of the loan or included in the face amount of the note. Such costs or expenses shall not be included by the insured as a portion of a claim under the contract of insurance and if such costs or expenses are assessed against the borrower, proper evidence thereof should be in the file.*

3. Partial disbursement of proceeds: If the insured in purchasing a note takes the maximum charge permitted by this regulation, but employs a holdback and does not advance the entire proceeds of the note to the seller, it shall calculate its financing charge on the amount advanced and credit to the account of the seller the difference between the financing charge calculated on the face amount of the note and the financing charge calculated on the amount advanced.

4. Prepayment rebate: If a note is paid in full prior to maturity, the insured shall make a rebate at a rate not less than 6 percent per annum of the amounts so paid in advance of their due dates, if the maximum permissible financing charge in connection with the transaction is in an amount equivalent to \$5 discount as provided in section 1 of this regulation. If a lesser charge has been taken, the rebate shall be at not less than a proportional rate.

REGULATION VI. CREDITS AND COLLECTIONS

1. Credit application: Prior to making a loan the insured shall obtain a dated credit application executed by the borrower on a form approved by the Commissioner. A separate credit application is required for each loan made or note purchased.

2. Credit investigation: The credit application, supplemented by such other information as the insured deems necessary, must, in the judgment of the insured, clearly show the borrower to be solvent, with reasonable ability to pay the obligation and in other

respects a reasonable credit risk. If, after the loan is made, an insured who acted in good faith discovers any material misstatements or misuse of the proceeds of the loan by the borrower, dealer, or others, the eligibility of the note for insurance will not be affected. However, the insured shall promptly report such discovery to the Commissioner.

3. Outstanding FHA and direct Federal obligations: The proceeds of a loan shall not be disbursed if the insured has knowledge that the borrower is past due more than 15 days as to either principal or interest with respect to an obligation owing to, or insured by, any department or agency of the Federal Government, provided that nothing contained herein shall prevent the making of a loan otherwise eligible, even though the borrower is in default under such an obligation by reason of his military service and the approval of the Commissioner is obtained.

4. Past due title I notes at time of purchase: A note shall not be purchased when any installment thereon is past due more than 15 days at the date of purchase except purchases of notes under the provisions of regulation XII.

5. Prior approval by Commissioner: Any loan which increases the principal amount outstanding as to all class 1 or class 2 loans to any individual borrower to an amount in excess of \$5,000, exclusive of financing charges, will be accepted for insurance only upon prior approval of the Commissioner.

6. Security: The taking of security to secure the payment of a loan is left to the discretion of the insured unless specifically required by the Commissioner in accordance with the provisions of section 5 of this regulation or of regulation III, section 4 (3). An insured may permit the substitution or subordination of security provided it can be shown when claim is made that at the time of such action the original security value was not impaired or reduced as a result of such action. Upon presentation of the facts the prior approval of the Commissioner may be obtained by the insured to any proposed substitution or subordination of security.

7. Collections: The insured is required to service loans in accordance with acceptable practices of prudent lending institutions. In the event of default, the insured should have adequate facilities for contacting the borrower and otherwise exercise diligence in collecting the amount due. The insured is responsible to the Commissioner for proper collection efforts even though actual collection may be performed by an agent.

REGULATION VII. ELIGIBLE EXPENDITURES

1. Property location: The property to be improved shall be located within the United States, its Territories, or possessions.

2. Use of proceeds: The proceeds of a loan shall be used only to finance alterations, repairs, and improvements upon real property or in connection with existing structures, commenced in reliance upon the credit facilities afforded by title I of the act.

3. Reliance on credit application: An insured acting in good faith may, in the absence of information to the contrary, rely upon all statements of fact made by the borrower, which are called for by the borrower's credit application, in determining the eligibility of the improvements to the property.

4. Technical services and direct costs: The proceeds of a loan may be used to pay the cost of architectural and engineering services, and fees paid for obtaining building permits that are directly connected with the eligible alterations, repairs, or improvements financed in accordance with these regulations.

5. Supplementing an uninsured obligation: The proceeds of a loan shall not be used to supplement another obligation of the borrower not reported for insurance, the

* As amended October 28, 1953.

payment of which is to be secured by a prior lien created in connection with the proposed alteration, repairs, or improvements.

REGULATION VIII.³ DISBURSEMENT OF LOAN PROCEEDS

1. Disbursement: Before disbursing the proceeds of a loan, the insured shall:

(a) Dealer approval: Have approved the dealer after such investigation as the insured considers necessary to establish to its satisfaction that the dealer is reliable, financially responsible and qualified to perform satisfactorily the work to be financed and to extend proper service to the customer. This approval shall be evidenced by an application signed and dated by the dealer and signed and dated by the insured on forms approved by the Commissioner. The dealer application, the approval by the insured, together with supporting information and a record of the insured's experience with the loans originated by such dealer shall be in the insured's file. New dealer applications and dealer approvals need not be executed in connection with dealers who have been approved and to whom the insured has disbursed loans during the 12-month period prior to December 1, 1953. For the purpose of this regulation the term "dealer" means the one who executed the dealer's completion certificate.

(b) Completion certificate: Obtain a completion certificate signed by the borrower and a completion certificate signed by the dealer on forms approved by the Commissioner. An insured shall not disburse the proceeds of a loan, if, as an inducement for the consummation of the transaction, the borrower has been given or promised a cash payment or rebate or it has been represented to the borrower that he will receive a cash bonus or commissions of future sales. In the absence of information to the contrary, the insured may rely upon the dealer's statement in his completion certificate as to such bonus selling. If there are two or more eligible borrowers involved in a transaction, only one signature is required on the borrower's certificate.

(c) Authorization to pay loan proceeds: Obtain written authorization from the borrower, if the insured is the payee of the note and the proceeds are to be disbursed to one other than the borrowers.

(d) Description of improvements: Obtain a copy of the contract or sales agreement, signed by the borrower and the dealer, describing the type and extent of improvements to be made and the material to be used. Such contract or sales agreement shall be of a type regularly used by the dealer in his business. The signature appearing on the copy of the contract or sales agreement may be a carbon imprint of the signatures appearing on the original.

(e) Advance notice to applicant: Mail to the borrower or personally deliver to the borrower written notice of approval of the application for credit on a form approved by the Commissioner. Such notice shall be directed to the borrower prior to disbursement of the loan and in no event less than 6 calendar days prior to such disbursement. A record of such notice showing the date of mailing or delivery to the borrower shall be in the loan file.

2. Precautionary measures: If the insured has not approved the dealer, as provided in section 1 (a) of this regulation or has reason to withdraw such approval, the proceeds of a loan shall not be disbursed until:

(a) The insured has verified all statements contained on the borrower's credit application.

(b) The borrower has signed the borrower's completion certificate in the presence of the insured.

(c) The insured has inspected the work performed in every instance when the amount involved is \$500 or more, and in at least 1 out of every 3 transactions when the amounts involved are less than \$500.

(d) The insured has signed a statement to the effect that the above requirements were complied with prior to releasing the proceeds of any such loans. Such statements must accompany each loan report.

3. Exceptions: The provisions of sections 1 and 2 of this regulation shall not apply to loans made directly to the borrower or borrowers where the proceeds are delivered directly to such borrower or borrowers without the intervention or participation of the dealer or other intermediary in any manner in such disbursement.

REGULATION IX. REFINANCING

1. General requirements: New obligations to liquidate loans previously reported for insurance pursuant to title I of the act after July 1, 1947, which may or may not include an additional amount advanced will be covered by insurance, if they meet the requirements of all applicable regulations and the special provisions of this regulation: *Provided*, That after March 1, 1950, no additional amount shall be advanced with respect to any such new obligations which are for the purpose of liquidating loans made prior to March 1, 1950: *Provided further*, That obligations which are for the purpose of liquidating loans made prior to March 1, 1950, shall not be consolidated with obligations representing loans made after March 1, 1950.

2. Maximum maturity:

(a) A class 1 (a) loan or a class 2 (a) loan may be refinanced for an additional period not in excess of 3 years and 32 days from the date of the refinancing, but not to exceed 5 years from the date of the original note.

(b) A class 1 (b) loan may be refinanced for an additional period not in excess of 7 years and 32 days from the date of the refinancing, but not to exceed 10 years from the date of the original note.

(c) A class 2 (b) loan may be refinanced for an additional period not in excess of 7 years and 32 days from the date of the refinancing, but not to exceed 10 years from the date of the original note, except that if a class 2 (b) loan is secured by a first mortgage, first deed of trust, or other security instrument, constituting a first lien upon the improved property, the new note may have a final maturity not in excess of 15 years and 32 days from the date of the refinancing, but not to exceed 25 years from the date of the original note.

(d) When a class 1 loan or a class 2 loan is made or refinanced and consolidated with another class 1 loan or class 2 loan, the new note evidencing the consolidated obligation shall not be for a longer term than that which the component loan having the shortest permissible maturity could have if made or refinanced alone.

3. Rebate: The full unearned charge on the original note shall be refunded to the borrower. If no additional advance is made a handling charge not in excess of \$2 may be assessed the borrower.

4. Special cases: The Commissioner may upon presentation of the facts approve the refinancing or refinancing and consolidation of any loan or loans upon such terms and conditions as he may determine within the limits provided by the act.

5. Deferred payments: An agreement to defer payments on a note previously reported for insurance under these regulations without rewriting the note is not considered refinancing. Such agreement will not affect the insurance coverage on the loan provided that—

(a) Such agreement is evidenced in writing;

(b) Payments shall not be deferred for more than 5 months from the due date of the last fully paid installment;

(c) Such agreement shall not extend the final maturity of the obligation beyond the maturity date of the obligation as provided by its original terms;

(d) The insured may assess the borrower for the cost of such deferment if such charge is not in excess of an equivalent amount of the late charges as provided in regulation III, section 5.

REGULATION X. REPORT OF LOANS

Loans shall be reported on the prescribed form to the Federal Housing Administration at Washington, D. C., within 31 days from the date of the note or date upon which it was purchased. Any loan refinanced as provided in regulation IX shall likewise be reported on the prescribed form within 31 days from date of refinancing. In any case, the Commissioner may, in his discretion, accept a late report. During the period regulation W, issued by the Board of Governors of the Federal Reserve System, effective September 18, 1950, is in effect, the execution and submission of a loan report pursuant to this regulation shall be deemed a representation by the insured that it has complied with all requirements of said regulation W applicable to the transaction reported for insurance. During the period regulation X, issued by the Board of Governors of the Federal Reserve System, is in effect, the execution and submission of a report of a class 1 (b) loan pursuant to this regulation shall be deemed a representation by the insured that it has complied with all requirements of said regulation X on the same basis and to the same extent as if the loan was not to be reported for insurance.

REGULATION XI. CLAIMS

1. Claim application: Claim for reimbursement for loss on an eligible loan shall be made on a form provided by the Commissioner, and executed by a duly qualified officer of the insured. The claim shall be accompanied by the insured's complete credit and collection file pertaining to the transaction.

2. Claim after default:⁴ Claim may be made after default provided demand has been made upon the debtor for the full unpaid balance of the note.

3. Maximum claim period:⁴ For the purpose of determining when a claim must be filed under the provisions of this section, any payments received on an account, including payments on a judgment predicated thereon, shall be applied to the earliest unpaid installment, and in the case of—

(a) Yearly installment notes, whenever an installment is 12 months in default, claim must be made within 31 days thereafter;

(b) All other installment notes, whenever an installment is 6 months in default, claim shall be made within 31 days thereafter.

(c) Military service cases, if at any time during default a person primarily or secondarily liable for the repayment of any loan is a "person in military service," as such term is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, the period during which he is in military service shall be excluded in computing the time within which claim must be made for reimbursement under the provisions of this regulation.

4. Extension of maximum claim period: Upon presentation to the Commissioner of the facts of a particular case within the allowable claim period prescribed in this regulation, he may, in his discretion, extend the time within which claim must be made, provided that in computing the claim no interest will be allowed for the period of such extension.

³ As amended, effective December 1, 1953.

⁴ As amended October 28, 1953.

5. Claim amount: An insured will be reimbursed for its loss on loans made in accordance with these regulations up to the amount of its reserve as established by regulation XII as follows:

(a) Net unpaid amount of the loan actually made or the actual purchase price of the note, whichever is the lesser;

(b) Uncollected earned interest to date of default and interest at the rate of 4 percent per annum from the date of default to the date of application for reimbursement of loss sustained, but in no event shall the total interest allowed exceed the maximum permissible financing charge on the principal amount outstanding to the date of application for reimbursement;

(c) Uncollected court cost, including fees paid for issuing, serving, and filing summons;

(d) Attorney's fees actually paid not exceeding—

(1) Fifteen percent of the amount collected by the attorney on the defaulted note, provided the insured does not waive its claim against the borrower for such fees;

(2) Twenty-five dollars or 15 percent of the balance due on the note, whichever is the lesser, if a judgment is secured by suit; and

(3) Fifty dollars plus 5 percent of the balance due on the note as an additional fee where the action is contested and judgment is obtained.⁵

6. Assignment of documents: The note and any security held or judgment taken must be assigned in its entirety and if any claim has been filed in bankruptcy, insolvency, or probate proceedings, such claim shall likewise be assigned to the United States of America.

7. Form of assignment: The following form of assignment properly dated shall be used in assigning a note, judgment, real-estate mortgage, deed of trust, conditional sales contract, chattel mortgage, mechanic's lien, or any other security device in event of claim:

"All right, title, and interest of the undersigned is hereby assigned (without warranty, except that the note qualifies for insurance) to the United States of America.

(Financial Institution)

By _____

Date _____ Title _____

Provided that if this form is not valid or generally acceptable in the jurisdiction involved, a form which is valid and generally acceptable shall be used.

8. Election of action: Where a real-estate mortgage, deed of trust, conditional sales contract, chattel mortgage, mechanic's lien, or any other security device has been used to secure the payment of a loan made under the provisions of title I of the act, the insured may not, except with the approval of the Commissioner, both proceed against such security and also make claim under its contract of insurance, but shall elect which method it desires to pursue.

REGULATION XII.⁶ INSURANCE RESERVE

1. Legal limit: Subject to the limitation on the Commissioner's authority to insure as stipulated in section 2 of title I of the act, the Commissioner, pursuant to the provisions of regulation XI, will reimburse any insured for losses sustained by it in accordance with the general insurance reserves provisions of section 2 of this regulation.

2. General insurance reserves: There shall be established for each insured 2 separate insurance reserves, 1 to be known as the "1947 reserve" and the other to be known as the "1950 reserve." Each reserve shall be available for the payment of losses sustained

in connection with loans made during the period in which the reserve is created.

3. 1947 reserve: The 1947 reserve shall equal 10 percent of the aggregate amount advanced on all eligible loans originated by an insured pursuant to the provisions of both part I and part II of these regulations on and after July 1, 1947, and prior to March 1, 1950, less the amount of all claims approved for payment by the Commissioner in connection with such loans.

4. 1950 reserve: The 1950 reserve shall equal 10 percent of the aggregate amount advanced on all eligible loans originated by an insured pursuant to the provisions of these regulations on and after March 1, 1950, and prior to July 1, 1955, less the amount of all claims approved for payment by the Commissioner in connection with such loans and less the amount of the adjustment or adjustments, if any, made pursuant to section 5 of this regulation.

5. Adjustment of 1950 reserve: The amount of the 1950 insurance reserve to the credit of each insured shall be adjusted on January 1, 1953, and on the first day of each semiannual period thereafter by deducting therefrom an amount equivalent to one-fifth of the amount of such insurance reserve on the records of the Commissioner as of the date of such adjustment: *Provided*, That no such adjustment shall reduce the insurance reserve of any insured to an amount less than \$5,000: *And provided further*, That no such adjustment shall be made in the insurance reserve of any financial institution until the first day of January or the first day of July next following the expiration of a period of 30 months after the issuance of a contract of insurance to such institution by the Commissioner, and no such adjustment shall be made in the insurance reserve of any financial institution after the termination of the contract of insurance issued to such institution by the Commissioner, or after the termination of the Commissioner's authority to insure against losses pursuant to section 2 of title I of the National Housing Act.

6. Transfer of loans reported for insurance: The insured shall not assign or otherwise transfer any loan reported for insurance to a transferee not holding a Contract of Insurance under title I of the National Housing Act, provided that nothing contained herein shall be construed to prevent the pledging of such loans as collateral security under a trust agreement, or otherwise, in connection with a bona fide loan transaction.

7. Transfer of insurance reserve: Insurance reserve of more than \$5,000 shall not be transferred to or from the reserve account of any insured during any fiscal year (July 1 through June 30) without the prior approval of the Commissioner. Except in cases involving the transfer of loans sold with recourse or under a guaranty, guarantee, or repurchase agreement, the reports required by regulation X shall be submitted, indicating the intent of the parties with respect to the transfer of the insurance reserve; and unless the approval of the Commissioner is obtained, the insurance reserve shall be transferred as follows:

(a) In cases involving the transfer of notes purchased without recourse, guaranty, guarantee, or repurchase agreement, provided no installment payment is past due more than one calendar month at the time of purchase, 1947 reserve shall be transferred to the 1947 reserve of the purchasing institution, and 1950 reserve shall be transferred to the 1950 reserve of the purchasing institution, on the basis of 10 percent of the actual purchase price or net unpaid original advance, whichever is the lesser.

(b) In cases involving the transfer of notes sold with recourse or under a guaranty, guarantee, or repurchase agreement, no in-

surance reserve will be transferred and no reports will be required.

8. FHA recovery shall not affect reserve: Amounts which may be salvaged by the Commissioner with respect to a loan in connection with which an insured has been reimbursed under its Contract of Insurance shall not be added to the insurance reserve remaining to the credit of such insured.

REGULATION XIII. INSURANCE CHARGE

1. Rate: The insured shall pay to the Commissioner an insurance charge equal to three-fourths of 1 percent per annum of the net proceeds of any eligible loan reported and acknowledged for insurance: *Provided*, That in the case of a class 1 (b) loan in excess of \$2,500, exclusive of financing charges, and in the case of a class 2 (b) loan having a maturity in excess of 7 years, such insurance charge shall be one-half of 1 percent per annum. In computing the insurance charge, no charge shall be made for the fractional period of a month of 15 days or less, and a charge for a full month shall be made for the fractional period of a month of more than 15 days.

2. When payable: Such insurance charge for the entire term of the loan shall be paid within 25 days after the date the Commissioner acknowledges receipt to the insured institution of the report of loan: *Provided*, That on loans having a maturity in excess of 3 years and 32 days, such charge may be paid in installments, the first of which shall be equal to the charge for 3 years and be paid within said 25 days, and the second and succeeding installments, each equal to the charge for 1 year, shall be paid on the first and each succeeding anniversary of the first day of the month following the date of the note.

3. Notes transferred: Any adjustments of the insurance charge already paid on any obligation transferred between insureds shall be made by the insureds, except that any unpaid installments of the insurance charge shall be paid by the purchasing insured.

4. Refund or abatement: There shall be no refund or abatement of any portion or installment of the insurance charge except:

(a) The charge on a refinanced note may be credited with the unearned portion of the charge on the original note;

(b) Insurance charges falling due after claim is filed or the note is prepaid in full;

(c) The charge paid on a loan or portion thereof found to be ineligible.

5. When not chargeable to borrower: The insurance charge paid by the insured shall not be charged to the borrower if such charge would cause the total payments made by the borrower to exceed the maximum permissible amount which may be charged to the borrower for interest, discount, and all other charges in connection with the transaction.

REGULATION XIV. ADMINISTRATIVE REPORTS AND EXAMINATION

The Commissioner, or his authorized representative, may at any time call upon an insured for such reports as he may deem to be necessary in connection with these regulations, or may inspect the books or accounts of the insured as they pertain to the loans reported for insurance.

REGULATION XV. AMENDMENTS

These regulations may be amended by the Commissioner at any time, but such amendments shall not adversely affect the insurance privileges of an insured with respect to any loan previously made.

REGULATION XVI. EFFECTIVE DATE

These regulations are effective as to all loans made on or after July 1, 1947, pursuant to the provisions of title I of the National Housing Act, as amended, and shall have the same force and effect as if included in and made a part of each contract of insurance.

⁵ As amended, effective as to claims certified for payment after November 30, 1953.

⁶ As amended, December 18, 1953.

Issued at Washington, D. C., December 31, 1953, as a reprint of the Regulations of the Federal Housing Commissioner Governing Property Improvement Loans Effective July 1, 1947, to include all amendments through December 18, 1953.

GUY T. O. HOLLYDAY,
Federal Housing Commissioner.

NATIONAL HOUSING ACT, AS AMENDED
TITLE I—HOUSING RENOVATION AND
MODERNIZATION

Insurance of financial institutions

SEC. 2. (a) The Commissioner¹ is authorized and empowered upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions, which the Commissioner finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credits, and purchases of obligations representing loans and advances of credit, made by them on and after July 1, 1939, and prior to July 1, 1955,² for the purpose of financing alterations, repairs, and improvements upon or in connection with existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, hurricane, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than 6 months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Commissioner under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after July 1, 1939, exceed 10 percent of the total amount of such loans, advances of credit, and purchases. The aggregate amount of principal obligations of all loans, advances of credit, and obligations purchased with respect to which insurance may be heretofore or hereafter granted under this section and outstanding at any one time shall not exceed \$1,750,000,000.³

(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase made for the purpose of financing the alteration, repair, or improvement of existing structures exceeds \$2,500, or for the purpose of financing the construction of new structures exceeds \$3,000² (2) if such obligation has a maturity

in excess of 3 years and 32 days except that such maturity limitation shall not apply if such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for agricultural purposes,² or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Commissioner shall prescribe, in order to make credit available for the purposes of this title: *Provided*, That insurance may be granted to any such financial institution with respect to any obligation not in excess of \$10,000 and having a maturity not in excess of 7 years and 32 days representing any such loan, advance of credit, or purchase made by it if such loan, advance of credit, or purchase is made for the purpose of financing the alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for two or more families:³ *Provided further*, That any obligation with respect to which insurance is granted under this section on or after July 1, 1939, may be refinanced and extended in accordance with such terms and conditions as the Commissioner may prescribe, but in no event for an additional amount or term in excess of the maximum provided for in this subsection.

(c) (1) Notwithstanding any other provision of law, the Commissioner shall have the power, under regulations to be prescribed by him and approved by the Secretary of the Treasury, to assign or sell at public or private sale, or otherwise dispose of, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with the payment of insurance heretofore or hereafter granted under this section, and to collect or compromise all obligations assigned to or held by him and all legal or equitable rights accruing to him in connection with the payment of such insurance until such time as such obligations may be referred to the Attorney General for suit or collection.

(2) The Commissioner is authorized and empowered (a) to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit in his discretion, and upon such terms and conditions and for such consideration as the Commissioner shall determine to be reasonable, any real property conveyed to or otherwise acquired by him in connection with the payment of insurance heretofore or hereafter granted under this title and (b) to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Commissioner in connection with such real property by way of deficiency or otherwise: *Provided*, That section 3709 of the Revised Statutes shall not be construed to apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of such property if the amount thereof does not exceed \$1,000. The power to convey and to execute in the name of the Commissioner deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest there-

in heretofore or hereafter acquired by the Commissioner pursuant to the provisions of this title may be exercised by the Commissioner or by any Assistant Commissioner appointed by him without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this paragraph shall be construed to prevent the Commissioner from delegating such power by order or by power of attorney, in his discretion, to any officer or agent he may appoint.

(d) The Commissioner is authorized and empowered, under such regulations as he may prescribe, to transfer to any such approved financial institution any insurance in connection with any loans and advances of credit which may be sold to it by another approved financial institution.

(e) The Commissioner is authorized to waive compliance with regulations heretofore or hereafter prescribed by him with respect to the interest and maturity of and the terms, conditions, and restrictions under which loans, advances of credit, and purchases may be insured under this section and section 6, if in his judgment the enforcement of such regulations would impose an injustice upon an insured institution which has substantially complied with such regulations in good faith and refunded or credited any excess charge made, and where such waiver does not involve an increase of the obligation of the Commissioner beyond the obligation which would have been involved if the regulations had been fully complied with.

(f) The Commissioner shall fix a premium charge for the insurance hereafter granted under this section, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 percent per annum of the net proceeds of such loan, advance of credit, or purchase, for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Commissioner. The moneys derived from such premium charges and all moneys collected by the Commissioner as fees of any kind in connection with the granting of insurance as provided in this section, and all moneys derived from the sale, collection, disposition, or compromise of any evidence of debt, contract, claim, property, or security assigned to or held by the Commissioner as provided in subsection (c) of this section with respect to insurance granted on and after July 1, 1939, shall be deposited in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the Federal Housing Administration under this section, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this section.

(g) The Commissioner is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title.

¹ Under Reorganization Plan No. 3 of 1947, effective July 27, 1947, the Office of Federal Housing Administrator was abolished and all his functions and duties transferred to a Federal Housing Commissioner to be appointed by the President with advice and consent of Senate.

² As amended by Public Law 5, 83d Cong., approved March 10, 1953.

³ As amended by Public Law 901, 80th Cong., approved Aug. 10, 1948.

Form FH-1
(Rev. 1-54)

FHA TITLE I CREDIT APPLICATION
(PROPERTY IMPROVEMENT LOAN)

Form approved.
Budget Bureau No. 63-R037.5

To _____ Date _____, 19__

This application is submitted to obtain credit under the terms of Title I of the National Housing Act.

NET AMOUNT CREDIT REQUIRED \$ _____ NUMBER MONTHS _____ Have you any other application pending at this time for an FHA Improvement loan? Yes ☐ or No ☐

Name of applicant _____ How long at present address? _____ years.

Address _____ Telephone _____

(Street) (City) (P. O. Zone) (State)

Year of birth _____ Single ☐ Married ☐ Name of wife (or husband) _____ (Age) _____ Number of other dependents _____

Name and address of nearest relative not living with you _____

(Name) (Street) (City) (State)

EMPLOYMENT OR BUSINESS

Employed by ☐ or business if self-employed ☐ For past _____ years.

Address _____ Kind of business _____

(Street) (City) (State)

Present salary or net income from business, \$ _____ per month ☐ per year ☐ Your position _____ Business telephone _____

Other income (net), \$ _____ per month ☐ per year ☐ Source of other income _____

Previous employer _____ For _____ years.

(Name) (Street) (City) (State)

REFERENCES

GIVE NAME AND ADDRESS OF BANKS, FINANCE COMPANIES, OR STORES WHICH HAVE EXTENDED YOU CREDIT

1. _____ 3. _____

2. _____ 4. _____

DEBTS

List fixed obligations, installment accounts, mortgages, FHA loans and debts to banks, finance companies and Government agencies

To whom indebted (name)	Describe debts	Date incurred	Present balance	Monthly payments	Amount past due	Is debt an FHA mortgage or repair loan? (State which)

PROPERTY TO BE IMPROVED

Address _____ Type _____

(Street) (City) (County) (State) (House, apartment, store, farm, etc.)

FULL IN ONE ☐ Is owned by _____ Date purchased _____ Price paid, \$ _____

OR ☐ Is being bought on contract by _____ Contract dated _____ Price paid, \$ _____

OR ☐ Is leased to _____ Lease expires _____ (Month) (Day) (Year)

(Name of titleholder) (Name of purchaser) (Name or leaseholder)

(Landlord's name) (Address) Rent per month, \$ _____

PROCEEDS OF THIS LOAN WILL BE USED ON ABOVE PROPERTY AS DESCRIBED BELOW

Describe each improvement planned Estimated cost Name and address of contractor/dealer

1. _____ \$ _____ _____

2. _____ \$ _____ _____

3. _____ \$ _____ _____

APPLICANT—IMPORTANT—READ BEFORE SIGNING

The selection of a contractor or dealer, acceptance of materials used, and work performed is YOUR responsibility. Neither the FHA nor the financial institution guarantees the material or workmanship or inspects the work performed.

I (we) certify that the above statements are true and that no unfavorable information known to me (us) or called for herein has been omitted. This application shall remain the property of the lending institution to which submitted.

WARNING

Any person who knowingly makes a false statement or a misrepresentation in this application shall be subject to a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both, under provisions of the United States Criminal Code.

Name _____ (L. S.)

Name _____ (L. S.)

NOTE TO FINANCIAL INSTITUTION.—If proceeds will be disbursed to dealer the person selling the above-described improvements must sign here _____ (L. S.)

If applicant is self-employed, a business enterprise, a partnership, or a corporation, fill in exhibits A and B on reverse side.

If applicant is self-employed, a business enterprise, a partnership, or a corporation the following information should be given in as complete a manner as possible. Exhibits A and B are designed primarily for the self-employed, a business enterprise, a partnership, or a corporation. Applicants may find it necessary to submit their own financial statements, making them a part of this application; therefore, applicants may attach a recent balance sheet and profit and loss statement, preferably certified to by an independent accountant, provided that such statements present detailed information substantially in accord with the following:

EXHIBIT A—Balance Sheet as of _____, 19__

ASSETS LIABILITIES

Cash _____ \$ _____ Notes payable _____ \$ _____

Notes and accounts receivable _____ Accounts payable _____

Merchandise _____ Mortgages on real estate _____

Stocks and bonds _____ Other liabilities _____

Land and buildings _____ Net worth _____

Machinery, equipment, and fixtures _____

Other assets _____ TOTAL _____ \$ _____

TOTAL _____ \$ _____

EXHIBIT B—Profit and loss statement for year ending _____, 19__

Sales, net _____ \$ _____ Gross profit _____ \$ _____

Inventory—beginning _____ \$ _____ Operating and general expense _____ \$ _____

Purchases, net _____ Taxes _____

Inventory—end _____ Income from other sources _____

Cost of sales _____ Net profit or loss _____ \$ _____

Gross profit _____ \$ _____

TITLE I PLAN—GROSS CHARGE TABLE

For use of Insured Institutions which add the finance charge to the amounts to be financed
Based on a discount of \$5 on a 1-year note payable in equal monthly installments

When amount to finance is	12 Months		18 Months		24 Months		30 Months		36 Months	
	Amount of note	Monthly payment	Amount of note	Monthly payment	Amount of note	Monthly payment	Amount of note	Monthly payment	Amount of note	Monthly payment
\$1	\$1.05	\$0.09	\$1.08	\$0.06	\$1.10	\$0.05	\$1.13	\$0.04	\$1.15	\$0.04
\$2	2.11	.18	2.15	.12	2.20	.10	2.25	.08	2.30	.07
\$3	3.16	.27	3.23	.18	3.30	.14	3.38	.12	3.45	.10
\$4	4.21	.36	4.31	.24	4.40	.19	4.50	.15	4.60	.13
\$5	5.23	.44	5.38	.30	5.51	.23	5.63	.19	5.75	.16
\$6	6.32	.53	6.46	.36	6.61	.28	6.75	.23	6.90	.20
\$7	7.37	.62	7.54	.42	7.71	.33	7.88	.27	8.05	.23
\$8	8.42	.71	8.62	.48	8.81	.37	9.00	.30	9.20	.26
\$9	9.47	.79	9.69	.54	9.91	.42	10.13	.34	10.35	.29
\$10	10.53	.88	10.77	.60	11.01	.46	11.26	.38	11.50	.32
\$20	21.05	1.76	21.54	1.20	22.02	.92	22.51	.76	23.00	.64
\$30	31.58	2.64	32.31	1.80	33.04	1.38	33.77	1.13	34.49	.96
\$40	42.11	3.51	43.08	2.40	44.05	1.84	45.02	1.51	45.99	1.28
\$50	52.63	4.39	53.85	3.00	55.06	2.30	56.28	1.88	57.49	1.60
\$60	63.16	5.27	64.62	3.59	66.07	2.76	67.53	2.26	68.99	1.92
\$70	73.68	6.14	75.38	4.19	77.09	3.22	78.79	2.63	80.49	2.24
\$80	84.21	7.02	86.15	4.79	88.10	3.68	90.04	3.01	91.98	2.56
\$90	94.74	7.90	96.92	5.39	99.11	4.13	101.30	3.38	103.48	2.88
\$100	105.26	8.78	107.69	5.99	110.12	4.59	112.55	3.76	114.98	3.20
\$200	210.53	17.55	215.38	11.97	220.24	9.18	225.10	7.51	229.96	6.39
\$300	315.79	26.32	323.08	17.95	330.36	13.77	337.65	11.26	344.94	9.59
\$400	421.05	35.09	430.77	23.94	440.49	18.36	450.20	15.01	459.92	12.78
\$500	526.32	43.86	538.46	29.92	550.61	22.95	562.75	18.76	574.90	15.97
\$600	631.58	52.64	646.15	35.90	660.73	27.54	675.30	22.52	689.88	19.17
\$700	736.84	61.41	753.85	41.89	770.85	32.12	787.85	26.27	804.86	22.36
\$800	842.11	70.18	861.54	47.87	880.97	36.71	900.40	30.02	919.84	25.56
\$900	947.37	78.95	969.23	53.85	991.09	41.30	1,012.96	33.77	1,034.82	28.75
\$1,000	1,062.63	87.72	1,076.92	59.83	1,101.22	45.89	1,125.51	37.52	1,149.80	31.94
\$2,000	2,105.26	175.44	2,153.84	119.66	2,202.43	91.77	2,251.01	75.04	2,299.59	63.88
\$2,500	2,631.58	219.30	2,692.31	149.58	2,753.04	114.71	2,813.77	93.80	2,874.50	79.85

Monthly installment payments have been set at the next full cent nearest the fractional result. As adjustment should be made in initial or final payment to have the total payments equal the face amount of the note.

FH-2
(Revised October 1953)

FHA TITLE I COMPLETION CERTIFICATE
(WORK DONE OR MATERIALS DELIVERED)

Form approved.
Budget Bureau No. 63-R282.5.

To: _____ of _____
(Financial institution) (Address)

In accordance with my (our) Credit Application dated _____, for a loan pursuant to the provisions of Title I of the National Housing Act:

CHECK HERE IF LOAN IS TO PAY FOR COST OF MATERIALS AND INSTALLATION.

☐ I (We) hereby certify that all articles and materials have been furnished and installed and the work satisfactorily completed on premises indicated in my (our) Credit Application.

CHECK HERE IF LOAN COVERS ONLY THE PURCHASE OF MATERIALS.

☐ I (We) hereby acknowledge receipt in satisfactory condition of the materials described in my (our) Credit Application.

I (We) certify that I (we) have not been given or promised a cash payment or rebate nor has it been represented to me (us) that I (we) will receive a cash bonus or commission on future sales as an inducement for the consummation of this transaction. I (we) understand that the selection of the dealer and the acceptance of the materials used and the work performed is my (our) responsibility and that neither the FHA nor the financial institution guarantees the material or workmanship or inspects the work performed.

NOTICE DO NOT SIGN this certificate until you are satisfied that the
TO dealer has carried out his obligations to you and that the work or the
BORROWER materials have been satisfactorily completed or delivered.

Date _____

Borrower

Signature _____

(Read before signing)

Borrower

Signature _____

(Read before signing)

For the purpose of inducing the payment of proceeds of this loan and the insurance thereof by the FHA the undersigned certifies and warrants that:

(1) The above work or materials constitute the entire consideration for which this loan is made. (2) A copy of the contract or sales agreement has been delivered to the borrower and the above financial institution. (3) This contract contains the whole agreement with the borrower. (4) The borrower has not been given or promised a cash payment or rebate nor has it been represented to the borrower that he will receive a cash bonus or commission on future sales as an inducement for the consummation of this transaction. (5) The work has been satisfactorily completed or materials delivered. (6) The above certificate was signed by the borrower after such completion or delivery. (7) The signatures hereon and on the note are genuine. (8) All bills for labor or materials have been or will be paid.

If any of the above representations prove incorrect, the undersigned agrees to promptly repurchase the note from the financial institution or from the FHA as the case may be.

DEALER
SIGN HERE

Date _____

By _____ (Name of dealer)

(Signature)

WARNING: Any person who knowingly makes a false statement or a misrepresentation in this certificate shall be subject to a fine of not more than \$5,000 or to imprisonment for not more than 2 years, or both, under provisions of the United States Criminal Code.

FH-13

FHA TITLE I DEALER APPLICATION

Form approved
Budget Bureau No. 63-R844

To _____ (Insured Institution) _____ (Date)

The following information is furnished for the purpose of inducing you to approve my (our) application as a dealer, pursuant to the provisions of Regulation VIII Section 1 (a) issued by the Federal Housing Commission under the authority contained in Title I of the National Housing Act.

BUSINESS NAME _____ Phone _____
Address _____ For past _____ years

Previous Address _____ (Street) _____ (City) _____ (Zone) _____ (State) _____
For _____ years

TYPE OF BUSINESS _____ (General contracting, lumberyard, heating, etc.) Date Established _____

OWNERSHIP: ☐ Sole Owner ☐ Partnership ☐ Corporation

PRINCIPALS: _____ (Name) _____ (Title) _____ (Home Address)

_____ (Name) _____ (Title) _____ (Home Address)

_____ (Name) _____ (Title) _____ (Home Address)

TRADE REFERENCES: _____ (Name suppliers of major products financed under Title I FHA)
Name _____ Address _____

BANK OF DEPOSIT _____

HAVE DISCOUNTED PAPER WITH: _____

_____ (Name) _____ (Address) From _____ (year) to _____ (year)

_____ (Name) _____ (Address) From _____ (year) to _____ (year)

If paper to be financed represents the sale of a speciality product, indicate trade name and manufacturer

_____ (Attach descriptive literature and price list)

Sales area _____ Number of branches _____

Address of branches _____

Describe any guaranty given buyers _____

Financial statement as of _____ (Date) is attached.

I (we) understand that I (we) are fully responsible for the title I activity of all sales personnel, that ethical and proper selling practices will be followed, and that immediate attention will be given to all complaints involving materials, workmanship or sales representations.

I (we) certify that the statements are true. I (we) understand this application shall remain the property of the financial institution to which it is submitted and, if requested, a copy may be furnished to the Federal Housing Administration.

Firm _____

Name _____ (Title)

WARNING: Any person who knowingly makes a false statement or a misrepresentation in this application shall be subject to a fine of not more than \$5,000 or to imprisonment for not more than 2 years, or both, under provisions of the United States Criminal Code.

THIS SPACE FOR USE OF DEALER IN SUPPLYING ADDITIONAL INFORMATION

THIS SPACE FOR USE OF INSURED INSTITUTION

☐ Dealer given copy of dealer guide

☐ Firm and all principals checked against precautionary measures list

☐ References checked

☐ Credit report dated _____ attached

☐ Previous lenders checked

☐ Place of business inspected by _____ Date _____

Remarks _____

The dealer whose application appears on the reverse hereof has been approved after such investigation as we consider necessary to establish that the dealer is reliable, financially responsible and qualified to perform satisfactorily the work to be financed and to extend proper service to the customer.

Dealer approved _____, 195____ By: _____

FEDERAL HOUSING ADMINISTRATION,
Washington, D. C., October 28, 1953.

To: All State and district directors
Subject: Amendments to part I of the title I regulations

Attached is a copy of our letter, TI-101, dated October 28, 1953, to all qualified title I lending institutions announcing amendments to part I of the title I regulations.

Also attached are copies of the revised completion certificate, FH-2, and a new form, FH-13, FHA title I dealer application. A temporary working supply of these new forms will be shipped to you within the next few days. A bulk print order has been given to the Government Printing Office and should be available for distribution within 2 or 3 weeks.

Because the use of the new completion certificate, FH-2, does not become mandatory until January 1, 1954, lenders may accept the old forms until this date. Therefore, continue to furnish the old certificate, if in stock, until your supply of the new forms is received. At that time, the old forms still on hand should be destroyed.

There will be forwarded to you also a small supply of the new amendments which should be inserted in any copies of the regulations booklet (form FH-20) now in stock so that copies of this booklet here-

after released by you will be current in every respect.

Although our letter TI-101 is self-explanatory, we wish to emphasize the importance of taking whatever steps are necessary to see that the procedural changes required by these amendments are promptly carried out by all lending institutions in your jurisdiction. Further, these amendments should be reviewed and discussed with those of your staff concerned with title I activity and also discussed in your title I lenders' committee meetings.

Very truly yours,

ARTHUR J. FRENTZ,
Assistant Commissioner.

FEDERAL HOUSING ADMINISTRATION,
Washington, D. C., October 28, 1953.

To: All qualified title I lending institutions.
Subject: Amendments to part I of the title I regulations; amendment to regulation III, section 3; amendment to regulation VIII, sections 1 (a), 1 (b), 1 (e), and section 3; amendment to regulation XI, section 2, section 3, and section 5 (d) (3).

The home improvement program under title I of the National Housing Act was instituted with the primary objective of assisting homeowners in maintaining better

housing standards. Full attainment of this objective has been made difficult because of the activities of a relatively few unscrupulous dealers and salesmen who have taken advantage of the basic good faith concept on which the program is founded to victimize property owners through unethical business practices.

The Administration has vigorously opposed such practices and has adopted a number of procedural steps designed to eliminate the unethical operator from the home improvement field. With the tremendous increase in title I volume in recent years, however, reports of irregular dealer activities have continued to come to our attention.

In order to provide the homeowner with further protection against such abuses, Commissioner Guy T. O. Hollyday has amended today part I of the title I regulations. A copy of the new amendments is attached and there follows a summary of the changes with pertinent comment.

DEALER APPLICATION, FORM FH-13 (REGULATION VIII, SEC. 1 (a))

Effective December 1, 1953, it will be required that the approval of the dealer by the insured be evidenced by an application signed and dated by the dealer on a form approved by the Commissioner. It is further

required that the signed and dated approval by the insured be on a form approved by the Commissioner. These required forms have been consolidated into the attached form FH-13 supplied by this Administration. Approval to reproduce these two forms, jointly or separately, is hereby given provided there is no omission of any of the contents.

It is not required that the prescribed application be obtained from dealers previously approved by the insured and to whom the insured has disbursed loans during the 12-month period prior to December 1, 1953.

The items of information on the dealer application form are considered to be minimum and it is urged that lenders obtain such additional data as may be warranted under the circumstances of the individual case. It frequently may be desirable to have a dealer furnish the names and addresses of all sales personnel presently employed in order that the antecedents and other background information on these individuals may be obtained.

The amendment now makes it mandatory that the insured maintain a record of its experience with the loans originated henceforth by all of its approved dealers. Such record should reflect at least the volume of loans purchased, claims filed, and borrower complaints received or irregularities discovered.

Lending institutions are urged to review the subject of dealer approval discussed in the explanatory text in the printed Regulations booklet and also review our letter of July 15, 1953, (TI-99) on the same subject.

Failure on the part of the insured institution to have in its file the signed and dated application of the dealer together with supporting information and the insured's signed and dated approval shall be considered a violation of the regulations and loans purchased from such dealer will be considered as failing to meet the requirements of the insurance contract.

BORROWER-DEALER COMPLETION CERTIFICATE (REGULATION VIII, SEC. 1 (B))

This amendment stipulates that loans originated under the inducement of a "bonus" promise or a cash payment will not be accepted for insurance if the insured institution has knowledge of such practices. The completion certificate, form FH-2, (copy attached) has been revised so that both the borrower and the dealer must certify that no bonus or cash payment was given or promised in connection with the transaction. The insured may rely upon the statements of the borrower and the dealer in their completion certificate in the absence of information to the contrary.

The completion certificate has been further revised so that the borrower makes an affirmative statement that he understands that the selection of the dealer and acceptance of the materials and workmanship are his responsibility rather than that of the lending institution or the Federal Housing Administration. In the dealer's portion of the certificate there has been added a statement that all bills for labor and material have been or will be paid and further, an agreement by the dealer to repurchase the note, if any of his representations made on the certificate are found to be incorrect.

Existing stocks of completion certificates may be used until exhausted but in no event after January 1, 1954. In accepting the old completion certificate forms lending institutions should be alert for any evidence of bonus sales practices or promises of cash payment. It is well to caution all dealers against the use of such sales methods in connection with title I transactions.

The new form of completion certificate may be reproduced provided the minimum size is 8 x 7 inches and there is no deviation as to content or format.

ADVANCE NOTICE TO THE BORROWER (REGULATION VIII, SEC. 1 (E))

This subsection is new and requires the insured institution to deliver a notice to the borrower of the approval of his credit application. This notice must be delivered to the borrower at least 6 calendar days prior to disbursing the note proceeds to the dealer. For example, if the advance notice is mailed on the 1st day of the month, disbursement shall not be made until the 7th day of the month or thereafter.

It is not required that the borrower acknowledge receipt of the notice. However, the insured must have a record of having mailed or delivered such notice. An acceptable record of delivery would be a dated carbon copy of the notice or a dated entry in the borrower's loan file.

The purpose of the advance notice is to bring about a closer relationship between the insured institution and the homeowner and to make certain that the homeowner understands the basic terms of the transaction.

This form will not be supplied by the Administration as it is believed that institutions should issue the notice on their own stationery. As the regulations require such notice on a form approved by the Commissioner, this letter shall be considered as official approval of any notice that contains in its text the following minimum data:

[Letterhead of Institution]

"Advance notice to applicant for FHA title I loan—

Date-----

(Borrower's name)

(Address)

"We have approved your FHA application for credit in the net amount of \$-----, for ----- months under title I of the National Housing Act as presented to us by -----

(Dealer)

"Please notify us immediately if you have any questions regarding the transaction.

(Name of Institution)"

Lenders are encouraged to add to this notice any additional material that may be helpful to the homeowner in fully understanding the transaction. Notices already in use by some lenders indicate the gross amount of the loan, the amount of the monthly payment and the finance charge. Frequently, a warning is expressed against bonus selling and the borrower is cautioned that the completion certificate should not be signed until he is satisfied as to the completion of the job.

DIRECT LOANS (REGULATION VIII, SEC. 3)

This section stipulates that the provisions of section 1 and section 2 shall not apply to those loans where the proceeds are delivered directly to the borrower. However, if the dealer participates in the disbursement in any manner, such as having the proceeds check (although made payable to the borrower) delivered to the dealer by the insured institution, or if the dealer accompanies the borrower to the institution on the occasion of disbursement for the obvious purpose of receiving the proceeds, then the provisions of section 1 and section 2 must be followed. Insured institutions should be on the alert to see that the protective measures prescribed for use in connection with dealer originated loans are not avoided by any subterfuge.

CLAIM AFTER DEFAULT (REGULATION XI, SEC. 2)

There has been some question as to how soon a claim for reimbursement for loss may be submitted to the Administration in view of the parenthetical clause in regulation XI, section 2 indicating that default was the earliest installment for which full payment has not been received. The amended regulation removes this restriction so that claim

may be made any time after default in any provision of the note provided demand has been made on the debtor for the full unpaid balance.

MAXIMUM CLAIM PERIOD (REGULATION XI, SEC. 3)

The word "section" is substituted for the word "regulation" to avoid any misunderstanding as to the maximum claim period prescribed by this section.

CLAIM AMOUNT, ATTORNEY FEES (REGULATION XI, SEC. 5 (D) (3))

This amendment now provides additional reimbursement to the insured for obtaining judgment in instances where the action is contested. The insured may claim \$50 plus 5 percent of the balance due on the note if judgment is recovered in a contested action. This is in addition to the \$25 (or 15 percent of the balance due) permitted by subsection 5 (d) (2).

ELIGIBLE NOTES, PAYMENTS (REGULATION III, SEC. 3)

The amendment to regulation III, section 3 now permits an adjustment of either the first installment or the final installment provided such payment is not less than one-half or more than one and one-half times the amount of regular installments.

A supply of the new forms (dealer-application, form FH-13, and completion certificate, form FH-2) are now being shipped to the FHA field offices and lending institutions may obtain a working quantity within the next few days. Lenders are requested to cooperate by deferring their requisitions for a bulk shipment until after the initial distribution has been effected.

Misrepresentations and sales irregularities have no part in the title I program. We believe that the steps now being taken, coupled with the united effort of the lending institutions and responsible dealers throughout the country, will provide a sound operation for the benefit of the entire community.

Very truly yours,

ARTHUR J. FRENTZ,
Assistant Commissioner.

AMENDMENT TO PART I OF THE REGULATIONS OF THE FEDERAL HOUSING COMMISSIONER GOVERNING PROPERTY IMPROVEMENT LOANS EFFECTIVE JULY 1, 1947

Part I of the regulation of the Federal Housing Commissioner covering property-improvement loans, effective July 1, 1947, as amended, is further amended as hereinafter provided.

The second sentence of regulation III, section 3, is hereby amended to read as follows:

"The first installment or the final installment may be more or less than the other installments provided that it is not less than one-half or more than one and one-half times the amount of a regular installment."

Regulation VIII is hereby amended, effective December 1, 1953, to read as follows:

"1. Disbursement: Before disbursing the proceeds of a loan, the insured shall:

"(a) Dealer approval: Have approved the dealer after such investigation as the insured considers necessary to establish to its satisfaction that the dealer is reliable, financially responsible, and qualified to perform satisfactorily the work to be financed and to extend proper service to the customer. This approval shall be evidenced by an application signed and dated by the dealer and signed and dated by the insured on forms approved by the Commissioner. The dealer application, the approval by the insured, together with supporting information, and a record of the insured's experience with the loans originated by such dealer shall be in the insured's file. New dealer applications and dealer approvals need not be executed in connection with dealers who have been approved and to whom the insured has disbursed loans dur-

ing the 12-month period prior to December 1, 1953. For the purpose of this regulation the term "dealer" means the one who executed the dealer's completion certificate.

"(b) Completion certificates: Obtain a completion certificate signed by the borrower and a completion certificate signed by the dealer on forms approved by the Commissioner. An insured shall not disburse the proceeds of a loan, if, as an inducement for the consummation of the transaction, the borrower has been given or promised a cash payment or rebate, or it has been represented to the borrower that he will receive a cash bonus or commissions on future sales. In the absence of information to the contrary, the insured may rely upon the dealer's statement in his completion certificate as to such bonus selling. If there are two or more eligible borrowers involved in a transaction, only one signature is required on the borrower's certificate.

"(c) Authorization to pay loan proceeds: No change.

"(d) Description of improvements: No change.

"(e) Advance notice to applicant: Mail to the borrower or personally deliver to the borrower written notice of approval of the application for credit on a form approved by the Commissioner. Such notice shall be directed to the borrower prior to disbursement of the loan and in no event less than six calendar days prior to such disbursement. A record of such notice showing the date of mailing or delivery to the borrower shall be in the loan file.

"2. Precautionary measures: No change.

"3. Exceptions: The provisions of sections 1 and 2 of this regulation shall not apply to loans made directly to the borrower or borrowers where the proceeds are delivered directly to such borrower or borrowers without the intervention or participation of the dealer or other intermediary in any manner in such disbursement."

Regulation XI, section 2 is amended to read as follows:

"2. Claim after default: Claim may be made after default provided demand has been made upon the debtor for the full unpaid balance of the note."

Regulation XI, section 3 is amended to read as follows:

"3. Maximum claim period: For the purpose of determining when a claim must be filed under the provisions of this section, any payments received on an account, including payments on a judgment predicated thereon, shall be applied to the earliest unpaid installment, and in the case of:

"(a) Yearly installment notes: No change.

"(b) All other installment notes: No change.

"(c) Military service cases: No change.

Regulation XI, subsection 5 (d), is hereby amended effective as to claims certified for payment on or after December 1, 1953, to read as follows:

"(d) Attorney's fees actually paid not exceeding:

"(1) No change.

"(2) No change.

"(3) Fifty dollars plus 5 percent of the balance due on the note as an additional fee where the action is contested and judgment is obtained."

Issued at Washington, D. C., October 28, 1953.

GUY T. O. HOLLYDAY,
Federal Housing Commissioner.

Mr. CAPEHART. Mr. President, the safeguards covered such matters as care by the lenders in selecting dealers; the maintenance of a dealer's file by each lender indicating the reliability and responsibility of the dealer; and the certification by each lender upon recording a loan with FHA for insurance that it has in its possession a dealer file, a dated

credit application from the borrower, and a completion certificate from both the borrower and the dealer, and that at least 6 days have elapsed between the time the lender has given the borrower notice of approval of the application and the time of disbursement of the loan.

The amendments to which I refer were included in subparagraphs (iii) and (iv) of the paragraph to be inserted at the end of 2 (a) of the National Housing Act by section 101 of the bill.

The conferees determined that these requirements were desirable, but felt they were matters which should more properly be continued in FHA regulations rather than be expressly put into the applicable law. While the Senate conferees receded to the House in this respect, it is understood that FHA in its regulations will continue to require compliance with the conditions set forth in this paragraph.

In the report we state to the FHA, in effect, "You can keep those regulations. They are desirable, and we approve of them." But we did not put them into the law, for the simple reason that it is impossible to write every FHA regulation into the law. Perhaps we should, but at least we did not.

Although no one can guarantee anything in this world—and, in particular, it is impossible to legislate honest administration—yet it is our sincere hope that with honest administration from now on, with efficient and businesslike administration, with the FHA run in the way that one would run his own business, with proper amendments in the FHA law, and with the regulations about which I have just spoken, we should be able to eliminate the bad practices, bad habits, irregularities, abuses, and downright crookedness that have been going on in the FHA, in connection with title I, during the past 20 years.

Mr. President, at this point I ask unanimous consent to have printed in the RECORD the part of the text of House bill 7839, as passed by the Senate, with respect to this matter, which was taken out, and for which the regulations were substituted instead.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

[H. R. 7839 as passed in Senate June 3, 1954
(pp. 2-5 of bill)]

After the effective date of the Housing Act of 1954, * * * (iii) no dealer shall be permitted to participate in the benefits of this section unless he shall have been approved according to the following procedure: Each lending institution shall use due care in selecting dealers from whom it purchases notes or with whom it cooperates in making loans directly to the borrower under this section, and shall maintain a file with reference to each such dealer containing a signed and dated application by the dealer for approval and a signed and dated approval of the dealer by the lending institution, such approval being supported by information in the file that the dealer is (1) reliable, (2) financially responsible, (3) qualified to perform satisfactorily the work to be financed, and (4) equipped to extend proper service to the borrower; absence of such a file in the lending institution available for inspection by the Commissioner shall constitute a violation of this provision; (iv) each lending institution, as a condition

precedent to insurance under this section, shall certify to the Commissioner at the time it records with the Commissioner for insurance each loan, advance of credit or purchase it has originated (a) that it has available the dealer file required by this section, (b) that the borrower has signed a dated credit application on a form approved by the Commissioner, (c) that the lending institution has mailed or delivered to the borrower written notice of approval of the credit application, (d) that no less than 6 days have elapsed between the date upon which such notice was mailed or delivered to the borrower and the date of disbursement of the loan by the lending institution, and (e) that prior to such disbursement but on or after the date of completion of the work for which credit was extended, the borrower has signed a completion certificate on a form approved by the Commissioner stating the borrower's satisfaction with the materials furnished and work performed and that no cash payment or rebate has been given or promised to the borrower in connection with this advance of credit and that the proceeds thereof will be entirely applied to payment for the materials and work for which credit was extended, and that the dealer has signed a completion certificate on a form approved by the Commissioner stating that the materials and work for which credit was extended constitute the entire consideration for such extension of credit, that a copy of the contract or sales agreement has been delivered to the borrower and the lending institution, containing the whole agreement with the borrower, that the borrower has not been given or promised a cash payment or rebate nor has it been represented to him that he will receive a cash bonus or commission on future sales as an endorsement for signing such contract, that the materials have been satisfactorily furnished and the work has been satisfactorily completed, that the borrower's completion certificate was signed by the borrower after such delivery or completion, that the signatures on the completion certificates of the borrower and the dealer and on the note are all genuine, that all bills for labor or materials have been or will be paid, and that if any of the representations on the dealer's certificate prove to be incorrect, the dealer agrees to repurchase promptly the note from the lending institution or from the Commissioner, as the case may be.

Mr. MONRONEY. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MONRONEY. As the distinguished chairman of the Banking and Currency Committee knows, I have been very much interested in the section on farm housing which the chairman of the committee was so kind as to accept, and which was adopted by the Senate and taken to conference. It is my understanding that it is contained in the conference report, and I wonder whether the Senator from Indiana will advise me about it.

Mr. CAPEHART. It is not in this conference report, but is in a separate bill which is on the calendar.

Mr. SPARKMAN. Mr. President, I believe the able chairman of the committee is mistaken.

Mr. CAPEHART. Perhaps I did not understand the question of the Senator from Oklahoma.

Mr. SPARKMAN. I think I can ask a question which will refresh the recollection of the chairman of the committee in reference to that particular matter.

Mr. CAPEHART. I yield to the Senator from Alabama.

Mr. SPARKMAN. I believe the reference made by the chairman of the committee was to a separate bill which relates to direct loans to GI's for housing.

Mr. CAPEHART. Yes. The amendment offered by the able Senator from Oklahoma [Mr. MONRONEY] on the floor was, at the suggestion of the chairman of the committee, kept intact in the conference report. We kept it exactly in the way the Senate adopted that amendment.

Mr. MONRONEY. And it was the intent to make it operative in the FHA, so as to provide farm home construction under the FHA.

Mr. CAPEHART. Yes; we kept it in the conference report, in the form in which the Senate had adopted that section.

I thought the Senator from Oklahoma had reference to the Veterans' Administration home-loan provisions, which we placed in a separate bill, for the reason that, although the Senate Banking and Currency Committee handles that subject, a different committee in the House of Representatives handles it. So we placed it in a separate bill.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. Will the chairman of the committee take into consideration the fact that the direct loaning program to veterans expires on July 31? Therefore, will he make an effort to have that bill acted on before that time?

Mr. CAPEHART. It is on the calendar.

Mr. SPARKMAN. That bill contains exactly the language the Senate has already passed.

Mr. CAPEHART. And the present law expires on July 31. I shall ask to have that bill brought up later today, if possible; or, if not, tomorrow.

Mr. SMATHERS. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. SMATHERS. Will the chairman of the committee tell us what the conferees did insofar as the mortgage hotel amendment is concerned, and its application to section 608 apartments?

Mr. CAPEHART. I shall reach that a little later; but if the Senator from Florida wishes me to speak about it for a moment, I shall say I think the action of the conferees should be entirely satisfactory to the able Senator from Florida. We amended that part of the law, so it will not be retroactive.

We provided that if any hotel owned any section 608 project which had written permission from the FHA, prior to the enactment of this law, to become a hotel or partially a hotel, it may do so, provided it had a written contract with the FHA. We also wrote in a provision whereby, under section 608, any such project in a strictly 100 percent tourist section could, under certain conditions and at certain times of the year, operate partially as a hotel.

Mr. SMATHERS. Is it the view of the Senator from Indiana that that will take care of most of the complaints?

Mr. CAPEHART. We think so, and we hope so, and it was our intention to do so.

Mr. SMATHERS. Does the Senator from Indiana think that the reference to "100 percent tourist area" might result in causing difficulties?

Mr. CAPEHART. That certainly would not include New York or Washington, but it certainly would include Miami, Fla.

Mr. SMATHERS. And also Daytona Beach and similar places?

Mr. CAPEHART. Yes.

Mr. SMATHERS. I thank the Senator from Indiana.

Mr. LENNON. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. LENNON. I certainly agree with the distinguished chairman of the committee that the people of the country have been shocked and outraged by the recent disclosures that many FHA borrowers have unjustly enriched themselves at the expense of their fellow taxpayers.

I should like to ask the able Senator from Indiana to take the time of the Senate—which I think he could properly do, in view of the disclosures which have been made—to inform the Senate what provisions have been written into the conference report to prevent a recurrence of such a situation. I think the chairman of the committee could explain that in a short time.

Mr. CAPEHART. I have just explained title I, and now I am ready to deal with the anti-mortgaging-out provisions, which relate to the other bad phases of the program. In other words, there were two bad phases which involved the irregularities. One had to do with title I, with loans made to individual homeowners, for the purpose of making repairs to their homes. I have just finished discussing it.

Mr. LENNON. Mr. President, will the Senator from Indiana yield to me again?

Mr. CAPEHART. I yield.

Mr. LENNON. I have particular reference to loans which were made to FHA borrowers for multiple-unit apartments.

Mr. CAPEHART. In other words, under section 608.

Mr. LENNON. Yes, under section 608.

Mr. CAPEHART. And the building of rental property.

Mr. LENNON. That is correct.

Mr. CAPEHART. I am about to take up that phase of the conference report—in other words, the anti-mortgaging-out provisions. As I proceed to discuss that part of the report, I shall be very glad to answer any questions the Senator from North Carolina may have.

ANTI-MORTGAGING-OUT PROVISIONS

Another major complaint received by your committee at the time it was considering its bill was a series of allegations that sponsors of certain of the housing programs using mortgages insured by FHA had constructed the projects at a cost lower than the amount of the mortgage insured by FHA and had pocketed the difference as profit.

Daily in its investigation, your committee is finding more and more instances of this practice.

In order to curb a recurrence of this unjust enrichment under current Federal housing programs, section 126 of the bill, as passed by the Senate, contained a cost certification requirement

which would make it mandatory for the sponsor to repay on the mortgage any excess of mortgage proceeds over the prescribed percentage of actual cost of the project.

This certification would be required under the Senate bill for all new or rehabilitated multifamily housing. Items of actual cost were expressly defined in the Senate bill.

In computing actual cost, land value could not exceed the FHA Commissioner's estimate of its fair market value before construction or improvements.

In our investigation we found that they would pay, for instance, \$5,000 for a piece of land, and would turn it in and get credit for it on the mortgage for \$100,000, or even more—maintaining that that was the value of the land or would be the value of the land when the project was built upon it.

We wrote into the conference report a provision that the land value to be used in that case must be the estimated fair market value of the land before construction and improvements. In other words, we have now instructed the FHA to include as the cost of the land, for the purpose of mortgages, exactly what the land did cost, rather than what it may be worth after the improvements are made.

Moreover, actual cost could not include kickbacks, rebates or trade discounts received in connection with construction or improvements. We found a great many kickbacks. In fact, we found a great deal of everything; I have been amazed at the ingenuity of those involved in these contracts.

Mr. LENNON. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. LENNON. Does the Senator from Indiana and do the other members of the committee feel that sufficient safeguards have been written into the conference report, along with the new regulations to be promulgated by the FHA?

Mr. CAPEHART. I shall answer that question only for myself, and shall say to the Senator from North Carolina that I hope so, and I think so, although I am not too certain of it, primarily for the reason that—and possibly I did not feel so strongly about the statement I am about to make, 60 days ago, as I do now, as a result of 60 days of hearings—my best judgment is that under the old law, if a little common sense and horse sense had been used by the FHA, it could have completely, 100 percent, avoided what happened. But the FHA simply went beyond all reason in its rules and regulations, and in respect to not placing restraints upon such persons.

Mr. LENNON. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. LENNON. But the old law required submission and certification of the actual cost of the project, before the loan was made.

Mr. CAPEHART. The old law did not require it. We amended it in the Wherry Act a little later, by writing that provision into the law, in 1951. But the prior law did not require it.

The original Housing Act authorized the Federal Housing Commission to extend the guaranty of the United States Government to mortgages on multifamily dwellings—those are the rental properties, including the big thousand apartment building projects and apartment buildings having only 2 apartments—not to exceed 90 percent of the Commissioner's estimate of the necessary current cost of the completed project, including land. It will be noted that the law referred to "the necessary cost."

In 1947 the 80th Congress tightened up this law by an amendment providing:

In estimating necessary current costs for the purpose of title VI, the Federal Housing Commissioner shall use every feasible means to assure that such estimates will approximate as closely as possible the actual costs of efficient building operations.

Under the law I have just read, that is, the law with the 1947 amendment, with any sort of efficient administration or any sort of regulations these situations could have been avoided. The FHA simply went wild. The part of the FHA that was involved, headed by a man named Powell, went out to promote these projects. They even conducted schools to educate and show builders how they could build these projects without putting in any of their own money. We have uncovered letters they wrote showing how that could be done. Bad as it was, it was not so bad that under the law they could get back 90 percent, and it would not have been so bad if they got all their money back, meaning that once a project was finished they could get back every dollar they put in. In other words, if the mortgage was \$100,000 and they got back all the costs over the mortgage, that would not be so bad, that is, if they got back all their money; but they were not satisfied with getting back only all their money. We have uncovered hundreds of cases, and I am sure we will find hundreds more, of operators not only getting all their money back but, in addition, \$10,000, \$50,000, \$100,000, and, in one instance in New York City, \$6 million, and in another instance \$5 million, beyond all the costs.

That is unpardonable and unconscionable. There was never any occasion for that. The FHA people just went wild. They went out to promote this business. They had what I would call sloppy administration. If they had used the simplest kind of common horse sense these things would not have happened under existing law.

Mr. LENNON. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LENNON. The Senator believes it was not the fault of the law but the fault of the administration of the law?

Mr. CAPEHART. It was not the fault of the law. The law gave them the authority and the right to do everything that is in this bill, except for the spelling out in the pending bill of some regulations, which they should have written themselves under the old law.

For example, the proposed new law provides that the FHA shall go ahead and estimate the cost and enter into a

contract to insure the mortgage for that amount, and that when the project is finished the builders are to add up all the costs, and if the costs are less than the total amount of the mortgage—that is, taking 90 percent or 80 percent, because some of the new titles call for 80 percent—then the overage must be applied immediately to reduce the mortgage.

If the FHA agreed to insure a commitment of, let us say, \$900,000 on a million-dollar project, the guaranty would be 90 percent, and if it turned out that that project cost only \$800,000, then immediately the overage would be used to reduce the mortgage, and it would be immediately reduced by \$100,000. The builder would have to apply the \$100,000 on the mortgage. The FHA had the right to do it under the old law, but did not do it.

Mr. LENNON. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. LENNON. Did the Senator, in the hearings, find any evidence of any recent occurrence of the kind he mentions?

Mr. CAPEHART. We are finding so-called mortgaging out on war housing and on defense housing and under section 207, and under titles which have to do with rental properties. We are finding some mortgaging out on all of them.

Mr. LENNON. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. LENNON. Has the Senator discovered instances that have occurred within the past 18 months?

Mr. CAPEHART. It is hard to say, for the simple reason that we are dealing now with projects that were undertaken 18 months to 2 years ago, which is the length of time it takes to build such projects. Therefore, the commitments were made probably about 18 months or 2 years ago, or 15 months ago. It is hard to know about it. We will not know whether the present administration—if that is what the able Senator is driving at—is eliminating the practice or not. Under existing law, it is possible to do so. The ones that we are looking into are mortgage commitments that were made from 12 to 15 or 18 months ago; indeed, as long as 2 years ago.

Mr. LENNON. Mr. President, will the Senator yield for a further question?

Mr. CAPEHART. I yield. First I should like to say that, while I will not vouch for it, I am hopeful that the administration at the moment is eliminating the evil practices. However, it is impossible to legislate honesty and integrity and efficiency in Government.

Mr. LENNON. I did not mean to infer by my question that either this administration or the previous one was to blame.

Mr. CAPEHART. I understand.

Mr. LENNON. I should like to compliment the distinguished chairman of the committee, and all the other members of the committee, on what they are doing to prevent what I consider to be a national disgrace.

Mr. CAPEHART. There is no question about the fact that it is a national dis-

grace. I want to be charitable to the people who were running the projects, but it is just unbelievable that they did not use more common horseshense than they did in operating these projects. There can be no question that Congress intended that every man who built one of these projects, particularly under section 608, would put 10 percent of his money into the project, and the Government would guarantee 90 percent of his cost. We realize, of course, that in estimating the cost in advance it is possible to miss the exact amount by from 1 to 4 percent. We are not so much concerned when they get 100 percent of their money back, but when they get 110 percent, 140 percent, 150 percent, or 160 percent of their money, it is an unconscionable situation, and should not have been permitted to exist or to continue. But it did continue. As I say, FHA officials went all out. They say the reason they did so was in order to get housing. They wanted to get a lot of rental housing. They were promoting. They simply became salesmen. The FHA officials and FHA employees were promoters. They went up and down the land, promoting people into the business. For example, they allowed a flat 5 percent for architects' fees, even though only about a half of 1 percent would be spent for that purpose. Five percent on a million-dollar contract is \$50,000. FHA would allow them 5 percent on so-called builders' fees. In fact, in arriving at the amount of the mortgage, they allowed a 5-percent builders' fee, even when the man was his own builder. Or perhaps it was only 2 percent. But it can be readily seen that if a 5-percent builders' fee and a 5-percent architects' fee, which make 10 percent, are added to 90 percent, the total is 100 percent. If they spent only one-half of 1 percent on architects' fees, and were their own builders, they almost had their money back from these properties without investing any of their own capital. We have not paid much attention to that. Practically all of them did that. But the ones we are concerned with are those who went beyond 100 percent. Here is another absolutely unbelievable fact: In these projects, it was required that a separate corporation be organized. So they would organize a corporation, and put up only \$1,000, \$2,000, \$3,000, \$4,000, or \$5,000. Some of them put up more, but the amounts were always small. Then the corporation became the sponsor and owner of a big project.

I can think of one person in New York City who made \$6 million. When the committee ran down the \$6 million, it was found that the investment in the corporation was approximately only \$6,000. At any rate, it was under \$10,000. It is unbelievable that the Government would guarantee a project in which there was such a small investment, particularly when Congress said the guaranty must be 90 percent of the estimated cost, or 90 percent of the cost as nearly as it could be estimated.

The builders would say, "We cannot build a \$6 million project or a \$10 million project or a \$4 million project with \$6,000." Of course they could not. But

then they proceeded to lend themselves enough money with which to build the project, and the Government had in advance guaranteed or given a commitment to guarantee a mortgage when the project was finished. Then, before they started, they went to a bank or a mortgage company and obtained a commitment to buy the mortgage. Then they lent themselves money with which to build the project. When the project was finished, they handed the mortgage to the mortgage company which had agreed to buy it, because the Federal Government had guaranteed it at 100 percent. They would get a check for all the costs, including every penny that went into it, and in many instances the costs were huge. The biggest one we found was for \$6 million. Then the promoters would pay back the amount of all the loans which they had borrowed in order to build the project, and when they were all finished, they had a little corporation with \$1,000 or \$2,000, and they had a mortgage which the Government had guaranteed, meaning that if the project went sour or did not pay out, the Government must take the project back, and the only investment they would have behind a \$5 million mortgage might be \$1,000 or \$2,000.

Such actions are unconscionable. Perhaps the committee should have looked into this situation sooner. If any blame is to attach, it should attach to Congress, because the laws passed by Congress permitted such operations. We had FHA officials, representatives of the industry, and others, appear before our committee and tell us that such a thing could not happen. If Congress is to blame, then we should accept the blame for permitting it to go on, because it has been in progress for many years.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. Mr. President, I wish to preface my remarks by saying that the chairman has been very fair in the investigations he has carried on. But, in justice to all members of the committee, including the distinguished chairman, I think it should be said that the only way in which we happened to get into the investigation was through the internal revenue tax returns.

The President permitted the distinguished chairman of the committee and me to use the internal revenue tax returns. I think the chairman will agree with me that during my term of chairmanship and during his term also, it was the mortgage banker and it was the builder who said this condition could not develop.

Mr. CAPEHART. I think it came about partially because the administration officials were conscious of the fact that something had happened. Then also, the Internal Revenue Service, in cooperation with the committee of which the Senator from Virginia [Mr. BYRD] is a member were considering whether a capital-gains tax or a normal tax should be paid.

Mr. MAYBANK. We could get no information in the committee hearings that such a thing could happen.

Mr. CAPEHART. That is correct.

Mr. MAYBANK. Fortunately, many irregularities have been discovered, through tax returns. I think the question of claiming capital gains, which was raised by the Internal Revenue Service, as the Senator states, resulted in the information from which it was possible to conduct the investigation which has uncovered the scandals.

Mr. CAPEHART. It has been said that a profit has been made on these loans. It is not a profit; it is a windfall, because the promoters still own the properties. The little corporation, with \$2,000 capital, owes the full amount of the mortgage. The amount of the mortgage was more than the cost of the building. In many instances dividends were paid, and they were paid into their own pockets by those making up the corporation.

Mr. MAYBANK. The Senator is absolutely correct. But the only way we were able to get into the question was through the tax laws. The committee was not negligent. The committee was unanimous, on both sides of the aisle, in action taken by it.

Mr. CAPEHART. I am simply making the point that if there had been good laws in effect, the trouble, I am certain, could have been eliminated.

Mr. MAYBANK. My judgment is that this has happened because the committee had received testimony on many occasions, not only this year, but last year and the year before, which indicated that nothing like this could happen.

In my judgment, some smart fellow will receive a lot of money, while the Senator from Indiana is concerned with foreign relations, housing, and other things, and while I am concerned with appropriations, who will find a way to get around the law.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LANGER. In view of the colloquy which has just occurred between the Senator from South Carolina and the chairman of the committee, it occurs to me that the principal reason why the Senators on the committee, during all these years, did not detect what had taken place is that they were too busy with other matters. Perhaps they were in Europe, Asia, and other places, traveling throughout the world, taking care of everyone in the world except the people of the United States of America.

Mr. MAYBANK. I have never been to Asia.

Mr. LANGER. I was addressing the Senator from Indiana. I am not saying that perhaps he was not justified in going; but is it not true that the activities of Senators who have traveled throughout the world, looking after Hottentots and everybody else they could find, who needed new shoes or new clothes, or needed some of our money, have resulted in a neglect of the people of the United States?

Is it not true that the Senator was so busy taking care of the needs of the world that he could not take care of the needs of the United States?

Mr. CAPEHART. I do not think the able Senator from North Dakota intends to refer to me personally, does he?

Mr. LANGER. I am referring to the entire membership of the Senate.

Mr. CAPEHART. The entire membership of the Senate.

Mr. LANGER. Including myself.

Mr. CAPEHART. Since the Senator includes himself, I will then say "Amen."

Mr. MAYBANK. I am certain the Senator from Indiana, the Senator from North Dakota, and I did not vote for the amounts of foreign aid which were recommended, but we always voted to reduce the amounts. Had it not been for the alertness and keenness of the Senator from North Dakota on the night the housing bill was passed, when he had included in it a farm housing program, the bill might not have passed. So the Senator from North Dakota certainly was looking after the interests of the farmers on that night.

Mr. LANGER. Is the distinguished Senator referring to the farm-buildings section of the bill?

Mr. MAYBANK. Yes.

Mr. LANGER. The senior Senator from North Dakota never has voted for a single dollar of foreign aid. I do not want to have any misunderstanding about that. I voted against the spending of each and every dollar of foreign aid. I am proud of it, and the people of North Dakota are proud of it, too.

It seemed to me so many Senators were busy trying to take care of people all over the world, that by necessity, due to a shortage of time, they were unable to take care of the work which devolved on the committees. I am sure the Senator from Indiana and the Senator from South Carolina and some of the rest of us, if we had been taking care of our people, would have ended this long ago.

Mr. CAPEHART. We repeatedly spoke against it, as the RECORD will show. We repeatedly wrote warnings into reports admonishing them, and we repeatedly made inquiries. I would say 100 percent of the time we were assured it could not happen. Which leads me to say, as I have said as a result of this investigation on many occasions, that from now on, we ought to use our own judgment rather than do what somebody else tells us.

Mr. DOUGLAS and Mr. PAYNE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Indiana yield; and, if so, to whom?

Mr. CAPEHART. I yield first to the Senator from Illinois, who has been standing 10 minutes trying to ask a question. Then I shall yield to the Senator from Maine.

Mr. DOUGLAS. It is always somewhat impolite to say "I told you so," and I hope the Senator from Indiana will pardon me if I indulge in that type of comment. The Senator from Indiana has said that the abuses involving section 608 were entirely due to faults of administration, and that Congress could not be blamed in the slightest for them.

Mr. CAPEHART. What I said was that the law gave the administration the right to eliminate these practices by reg-

ulation. I stand on that, and it is a 100-percent true statement.

Mr. DOUGLAS. I thank the Senator for his comment, but let me continue.

The Senator from Louisiana [Mr. Long] and the senior Senator from Illinois for months pointed out the abuses under the section 608 program, both in committee and on the floor of the Senate. We did it in 1950, we did it again in 1951. There was a very specific issue which developed, namely, the question of what should be done with the pending applications for section 608 loans.

As I recall, the act which provided for section 608 loans was due to expire on March 1. During the month of February hundreds of millions of dollars of applications for loans were rushed into the FHA offices, but not finally approved.

The question then arose as to what should be done with the section 608 loans which were pending but were not approved at the time section 608 expired.

The RECORD will show that the Senator from Louisiana and the senior Senator from Illinois insisted that the cutoff date should be precisely what it was, March 1, and that the hundreds of millions of dollars of applications should be allowed to lapse.

The RECORD will show that the Senate floor leader of the Republican Party, and other able Senators on the other side of the aisle insisted that the pending 608 applications should be passed upon. The Senate rejected this move on March 15, 1950, by an overwhelming majority of 57 to 26. I may say that 25 of the 26 Senators voting to permit more 608 applications, including the Senator from Indiana, were sitting on the Republican side of the aisle. Had their position prevailed, still other windfall profits would have been realized.

The situation, in brief, was this. We had a 608 program. We discovered the abuses in it. So we ended it—ended it I may add, over the opposition of 25 Republicans who wanted to let still more 608 projects go through.

Now, 4 years later, we find that a great discovery was made. There had been abuses under the 608 program. I am happy that the Republicans, after 4 years, finally came to recognize it. But please do not blame those of us who discovered the abuses 4 years ago and ended the program because of them.

I wish to say to the Senator from Indiana, whom I respect very much, who I think is a fine chairman of our committee, and whom I have very sincerely simply heaped with compliments from time to time, cannot entirely wash his hands of responsibility for section 608.

I merely mention that in view of the fact that the Senator from Indiana was apportioning the blame, and shifting it to the administrative agency.

Mr. CAPEHART. Mr. President—The PRESIDING OFFICER. Let the Chair remind the Senator from Indiana that he can yield only for a question.

Mr. CAPEHART. I appreciate that, but I was endeavoring to explain the conference report.

Mr. DOUGLAS. Let me ask, is not what I have said true? [Laughter.]

Mr. CAPEHART. I just finished saying that in my opinion the law was good enough to have avoided all these irregularities had the FHA officials properly administered it, and used even an ounce of good, common horse sense. I said that once, I repeat it, and whether there was a cutoff date on section 608, or whether there was not, and whether there were many applications on file when the cutoff date arrived and was extended for a few days, makes no difference at all, because had those responsible administered the law correctly and efficiently, there would have been no necessity for any of the so-called mortgaging abuses.

Mr. DOUGLAS. Mr. President, is it not true that March 1 was the cutoff date? Is it not true that there were a half billion dollars of applications pending? Is it not true that the Senator from Louisiana, the Senator from Illinois and others discovered the abuses and kept them from continuing? Is it not true that the then minority leader, the late Senator Wherry, sitting at the desk now temporarily occupied by the senior Senator from Connecticut [Mr. BUSH], insisted that the unprocessed applications should be allowed to go through?

Mr. CAPEHART. It is true; but I do not see that it has any bearing one way or the other as to whether the law was sufficient. I repeat—and I do not believe anyone can successfully contradict my statement—that the law was good enough to have avoided what happened had those administering the law issued the right kind of regulations. I stand on that, and I do not believe there is any question but that it is true.

Mr. Powell was the administrator of the law. The law containing section 608 was passed in 1940. It was permitted to expire in 1950. Mr. Powell administered it. He was the top man who administered the law, and I cannot help feeling that there must have been something wrong somewhere, because he is the same Mr. Powell who twice has come before our committee and refused to testify, under the protection of the fifth amendment. I do not know why he has done that, but he has on two occasions. He is the same Mr. Powell who was the Deputy Commissioner in charge of rental properties, in charge of each and every one of these projects we are discussing.

If we have any responsibility, in my opinion, it is the responsibility of being factual. The disclosures have come purely about from our investigations. I would not say that if I did not think we were factual.

The law was good enough as it was, but if we can be criticized in the Congress it is because we did not investigate this whole business 2 years, 4 years, or 6 years ago.

I will say to the world, though I particularly wish the Members of Congress and the Senate to listen, that the situation which has been uncovered is the best proof in the world that the Congress, the House and the Senate, ought to investigate the executive branch of the Government from time to time. Had we investigated FHA in 1953, 1952, 1951, 1950, or 1948, we would have found out

what was going on and would have put a stop to it.

Mr. PAYNE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Maine.

Mr. PAYNE. Is it not true in 1947 there was a very substantial amendment made to this law, to tighten up its provisions and to see to it that defects were corrected? In effect the provisions did not spell out the cost; am I correct in that?

Mr. CAPEHART. Let me read it.

Mr. PAYNE. The law did spell out that the figures they were to use in determining the 90 percent were to be based upon that which could be construed as being efficient construction, which would result in affecting the actual cost when it came to the final analysis.

Mr. CAPEHART. Let me read the exact language:

In estimating necessary current costs for the purpose of title VI, the Federal Housing Commission shall use every feasible means to assure that such estimates will approximate as closely as possible the actual costs of efficient building operations.

That was passed in 1947.

Mr. PAYNE. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield to the Senator from Maine.

Mr. PAYNE. May I ask whose duty and responsibility it was to see that the provisions of that law were lived up to?

Mr. CAPEHART. Of course, it was the responsibility of those administering the law.

Mr. PAYNE. May I ask whether or not the counsel, the head of the legal branch of that agency, appeared before the committee and under questioning absolutely refused to state whether or not he had so interpreted that law as to prevent the occurrence of anything such as did occur?

Mr. CAPEHART. That is correct.

Mr. PAYNE. Did the counsel say he ever had passed on to any members of the administration of that agency the ruling as to what that law was?

Mr. CAPEHART. If I recall correctly, he could not remember.

Mr. PAYNE. In other words, practically speaking, they refused to administer that which the Congress had written into law to protect the interests of the people?

Mr. CAPEHART. Senators, we can argue this question until 12 o'clock tonight and longer, but I again say that to date our investigation proves that FHA officials deliberately promoted this whole business. They sold builders on the idea that they could proceed with a project without putting any of their money into it. That would not have been so bad, if the builders had been satisfied with 100 percent, but in promoting them into building these projects on the basis they would not have to put any of their money in, many of the builders made windfalls of tremendous sums.

Mr. FREAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Delaware?

Mr. CAPEHART. I yield, first, to the Senator from Illinois, and then to the Senator from Delaware.

Mr. DOUGLAS. Prefatory to a question, Mr. President, may I say, of course, I make no apologies for the administration of FHA. I have long believed it was inefficiently administered, and I have long believed that it was dominated by the builders, by the real-estate-financing groups, and by real-estate operators and agencies. I have so charged.

The faults in that administration are largely faults of what is termed "the industry"—an industry which, I may say, was extremely hostile to my party and to the Democratic administration as a whole.

However, on the nature of the law itself, if the law were satisfactory, why was it that finally, after a great struggle, the Senator from Louisiana and the Senator from Illinois were successful in 1951 in writing into the defense housing bill of 1951 the anti-mortgaging-out provision to prevent windfall profits by requiring a certificate of costs? I can well remember the anguished shrieks which went up from the other side of the aisle when we insisted upon the certification of costs.

Finally we got it through. If the 1947 law were such a perfect law, why was it that the law needed a certification of cost provision in order to tighten up this procedure? The Senator from Louisiana and—if I may be forgiven for saying so—the Senator from Illinois tightened it up.

Mr. CAPEHART. I think the best answer to that is that we came to the conclusion we could not expect these fellows to do the right thing on their own initiative, and it had to be done for them. I think that is possibly the answer. Let me say that the Housing Administrator himself opposed the very amendment the able Senator is talking about.

While what the Senator from Illinois says may well be factual—I do not know about who did or did not oppose what—I think the Senator is being just a little bit political about it. During all that period I think the Senator and everybody else who had the responsibility for the program knows that there was no question about who had responsibility for the Government. There was no question about who appointed Mr. Powell and the other officials of FHA.

Mr. DOUGLAS. I always admire the nonpolitical way in which the Senator from Indiana introduces politics.

Mr. CAPEHART. I will assure the Senator every time the Senator from Indiana is needed, as he has been, he will respond.

Mr. FREAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Delaware?

Mr. CAPEHART. I yield to the able Senator from Delaware.

Mr. FREAR. I desire to ask the amiable chairman of the committee a question, but before doing so I should like to make a one-sentence statement: I hold no brief for the malfunction of

the administration nor the beneficiaries of windfalls. The question is: What was the primary objective of the housing law and the FHA, in the Senator's opinion?

Mr. CAPEHART. Is the Senator referring to section 608?

Mr. FREAR. To the law of which section 608 is a part.

Mr. CAPEHART. I think the purpose of FHA was to enable the Federal Government to guarantee mortgages obtained for building either individual houses or rental houses, large houses or small houses.

Mr. FREAR. Perhaps my question was not very clear.

Mr. CAPEHART. The purpose, of course, was to provide houses.

Mr. FREAR. Yes. That is, at least, what the Senator from Delaware thought was the objective of all the housing laws.

Mr. CAPEHART. Certainly.

Mr. FREAR. To provide housing for the American people.

Certainly the Senator from Indiana knows that the Senator from Delaware feels, as does the Senator from Indiana, that those who received windfalls received them perhaps not without conformity to the law, but no doubt unethical practices were used. The Senator has referred, I believe, even of schools to prepare certain persons to make applications for loans for housing, and a pretty good job of educating them was done.

Does the Senator feel, as many persons do, that even though the Administration was to blame for many of the things which happened, it also took two—individuals, companies, parties, or corporations and the FHA—to make a contract, so that those who received the windfalls deserve to have some of the blame on their shoulders.

Mr. CAPEHART. There is no question about it, because the industry in my opinion knew what was going on. The testimony before our committee had been that it was not going on, that it could not happen, and therefore we ought to leave everything as it was.

It appears that it has been one big grand promotion on the part of the FHA and, in many instances, the industry. I do not want to condemn all of them, because that is not true of all of them.

Mr. FREAR. I do not think the Senator has condemned the entire Administration, either.

Mr. CAPEHART. I have not condemned the entire Administration, but I have condemned those who prepared the policies and wrote the rules and regulations, who were in a position to change the rules and regulations and to change policy. The high-up management is what I am talking about. I am not talking about the thousands of workers in FHA, the employees, the men and women who are honest and faithful and good workers, but who were not in a position to change any rules and regulations or policies if they had wanted to. They might have known the thing was wrong, but they could not do anything about it. I am not condemning those persons. I am condemning those who were in a position to make the rules and regulations and who did not make them.

Those who were in a position to make the rules and regulations but did not do so deserve to be condemned, in my opinion, because they could not help but know what was going on, as the able Senator from Virginia [Mr. BYRD] has said on a number of occasions. I am a little irked at this whole thing, because I feel in some respects they have pulled the wool over my eyes. I do not like to have the wool pulled over my eyes. I feel they pulled the wool over the eyes of the committee and the Congress. One reason why I am irked is that it ought not to have been permitted, in view of the fact that it was so wrong. We can well understand how it was possible to receive 100 percent. We certainly cannot understand how it was possible to get more than 100 percent.

As I said previously in computing actual cost, land value could not exceed the FHA Commissioner's estimate of its fair market value before construction or improvements. Moreover, actual cost could not include kickbacks, rebates, or trade discounts received in connection with construction or improvements.

The conferees essentially retained this provision of the Senate bill, but made clear that a reasonable allowance for builder's profit may be included as part of the actual cost if the builder is also the mortgagor and wishes to leave his profit in the corporation as equity.

It would not have been so wrong, if they had made a mistake in the estimates and had constructed the building for \$1 million less, if they had reduced the mortgage at that point, or had left the \$1 million in the corporation in the form of equity until such time as the mortgage had been paid off and the Government no longer had a liability.

The cost certificate will be required for all multi-family housing which shall be insured under the National Housing Act after approval of this bill.

BUILDER'S WARRANTY

In an effort to prevent shoddy construction, section 801 of the Senate bill would have authorized the Federal Housing Commissioner and the Administrator of Veterans' Affairs to require in connection with 1- to 4-family houses that the seller or builder, or other person named by the Commissioner or the Administrator, deliver to the purchaser a certificate that the dwelling is constructed in conformity with plans and specifications.

The House bill, in a similar provision, required a warranty that 1- and 2-family dwellings were constructed in substantial conformity with plans and specifications. The conferees accepted the language of the House bill, but made it applicable to 1- to 4-family residences.

This warranty will be required for all new-sale housing under FHA and VA programs. It is expected the FHA and VA will require the person giving the warranty to make such agreement or take such action as is necessary under applicable State law to obligate the giver of the warranty to the purchaser of the dwelling.

FHA APPRAISAL

As a further means of protecting the home buyer, section 126 of the Senate bill

would add a new section 226 to the National Housing Act directing the FHA Commissioner to require that for new FHA-insured 1- and 2-family dwellings the seller or builder or other person designated by the Commissioner must agree to deliver to the purchaser-occupant of the property a written statement giving the appraised value as determined by FHA. This statement must be delivered before the property is sold. That is part of the law. The House bill had no similar provision, but the conferees retained this new section in the bill, extending it to existing housing.

OTHER SAFEGUARDING AMENDMENTS

As passed by the Senate, sections 914 through 920 of the bill were amendments offered on the floor by the senior Senator from Virginia. These all had as their purpose the tightening up of administration of the Federal housing programs. In substance, all these amendments were retained by the conferees with the exception of those passed as sections 914 and 915 of the Senate bill.

Section 914 would have required each prospective lender under the National Housing Act to certify that on the basis of its own appraisal it believed the proposed loan to be sound. In the case of home improvement loans under Title I of the National Housing Act, the lender would have to certify that before making the loan it would make an independent determination that the loan is sound.

Considerable opposition to this amendment was expressed by lenders, and it was indicated that, if retained in the bill, the provision would seriously decrease lender participation in FHA programs due to inadequate personnel to inspect each loan, and the fear on the part of lenders that the insurance would not be paid in event of default if the lender had certified that he believed the loan to be sound and it turned out to be unsound.

In addition, the share-the-risk amendment adopted was felt adequate to make the lenders more selective in their loans under title I of the National Housing Act. In view of these considerations, the Senate conferees found it necessary to recede to the House and deleted this provision from the bill.

Section 915 of the bill as passed by the Senate would have required that rents or sales prices on property insured by FHA be fixed in the light of actual cost as a factor.

In view of the various criteria used in determining the maximum amount of an insurable mortgage, and in view of the danger of the incentive the provision might give to padding costs, and, conversely, penalizing the efficient builder, the section was opposed in conference. It was also believed that the cost certification amendment adopted by the conferees would give FHA a sound and adequate basis for determining rentals on a fair basis. The Senate conferees found it necessary to recede to the House on this amendment.

As previously noted, section 919 of the Senate bill, dealing with false repre-

sentation as a crime, has been rephrased and included in section 131 of the conference bill.

Section 916 of the Senate bill would have required the keeping of proper records by everyone, including subcontractors, small builders of individual homes, institutions insured by the Federal savings and loan insurance corporations, insurance companies, banks and mortgage companies participating in the FNMA program, and any other program under the National Housing Act, as amended, or the Housing Act of 1949, as amended.

The conference substitute, section 814, achieves the objectives sought by the senior Senator from Virginia [Mr. BYRD], namely, to require proper record keeping so as to enable an adequate audit and determination of all costs, and the use of the loans and grants made, as well as for multifamily housing projects.

Section 917 of the Senate bill would have required applicants for Federal assistance under FHA, PHA, or slum-clearance projects, to submit full specifications with respect to construction or acquisition of land, together with itemized costs.

This section was retained in amended form, section 815 of the conference bill. It requires that specifications be submitted for construction prior to the authorization for the award of the construction contract with respect to loans, grants, or contributions for public housing and slum clearance.

Section 918 of the Senate bill would have given FHA and the Comptroller General access to books and records of local public housing agencies and their contractors or subcontractors, pertinent to operations under the United States Housing Act of 1937. This provision was substantially retained as section 816 of the conference bill.

Section 920 of the Senate bill would have required HHFA, in its annual report to the Congress, to set forth detailed information on each housing and slum-clearance project, except projects involving 1-to-4 family dwellings.

This provision was retained in amended form by the conferees, and now appears as section 817 of the conference bill. It will require the annual report to contain pertinent information with respect to all projects involving any loan, contribution, or grant from HHFA, and pertinent information concerning builders' cost certification to be required by the proposed new section 227 of the National Housing Act.

It is the expectation of the conferees that all the foregoing amendments will serve to improve the operation of the several Federal housing programs under the jurisdiction of HHFA or its constituent agencies, and make them less liable to abuse.

At this point in my remarks, I ask unanimous consent to have printed in the RECORD a brief summary of the action of the conferees.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

BRIEF SUMMARY OF ACTION OF CONFEREES

TITLE I OF BILL, FHA IMPROVEMENT AND REPAIR LOANS UNDER TITLE I OF NATIONAL HOUSING ACT

1. Existing terms and maturities continued.

(a) Maximum amount of loans for home repair is \$2,500 with maximum maturity of 3 years and 32 days.

(b) Maximum amount of loans for improvement of multifamily dwellings is \$10,000 with a maximum maturity of 7 years, 32 days.

2. Coinsurance: Maximum insurance to lender to be 90 percent of loss on each individual loan.

3. Limits types of loans to improvements which substantially protect or improve the basic livability or utility of property.

4. Limits granting of insurance to supervised lenders approved by FHA, and to such other lenders as (on the basis of their credit and experience or facilities for this type of loan) FHA approves.

5. Prevents use of improvement loans on new homes until completed and occupied for 6 months.

6. Prevents multiple title I loans on the same structure from exceeding in the aggregate the maximum statutory dollar limitation for the type of loan.

Section 203, National Housing Act, sales housing

1. New housing: Provides a maximum ratio of loan-to-value of 95 percent of the first \$9,000 of value plus 75 percent of the excess over \$9,000 and authorizes the President to increase the \$9,000 up to \$10,000 if he determines it to be in the public interest.

2. Existing housing: Provides a loan-to-value ratio of 90 percent of the first \$9,000 plus 75 percent of the excess over \$9,000 with authority for the President to increase the \$9,000 up to \$10,000.

3. For both new and existing housing, the maximum loans on 1- or 2-family residences are \$20,000; on 3-family residences are \$27,500; and on 4-family residences are \$35,000.

4. Provides a maximum mortgage maturity of 30 years on new houses; and a maximum of 30 years or three-fourths the life of the house, whichever is less, for existing structures.

5. Provides for insurance of mortgages on housing located in suburbs and outlying areas not to exceed a maximum mortgage of \$6,650 and not in excess of 95 percent of the appraised value—provides that this type of insurance can be made available to an owner-occupant mortgagor regardless of his credit standing, upon the guaranty of another person or corporation with credit standing satisfactory to FHA.

6. Provides for the insurance of mortgages for farmhouses located on 5 or more acres adjacent to a public highway and a maximum mortgage of \$6,650 and not in excess of 95 percent of the appraised value.

Section 213, National Housing Act, cooperative housing

1. Provides for a maximum mortgage amount of \$25 million per project.

2. Sets 65 percent as the number of veterans necessary to qualify a project for the higher mortgage and higher loan-to-value ratio provisions.

3. The conference deleted the Senate amendment to increase the per room mortgage limitations by \$1,000 in areas where the cost levels so required.

Section 220, National Housing Act, urban renewal

1. Provides that before the insurance under this program can become operative, the HHFA Administrator is required to certify that he finds—

(1) That the governing body of the locality has approved a redevelopment or renewal plan.

(2) That such plan conforms to the general plan for the development of the locality as a whole.

(3) That necessary legal authority and financial capacity exist to carry out such plan.

2. Provides that the maximum mortgage amount for units in excess of 4 is \$7,000 per unit.

2. Provides that the maximum mortgage amounts may be increased not to exceed \$1,000 per room for multifamily rental projects in high-cost areas.

Section 221, National Housing Act, relocation housing for displaced persons

1. The Housing and Home Finance Administrator determines the number of section 221 units needed and so certifies to the FHA Commissioner.

2. Provides that the mortgage cannot exceed 95 percent of the appraised value on new homes and 90 percent on existing homes (except when the mortgagor is nonprofit or governmental agency in which case the loan may be for 95 percent on either new or existing housing).

3. Mortgage maturity of 30 years or three-fourths of the economic life of the structure, whichever is lesser.

Section 222, National Housing Act, mortgage insurance for servicemen

1. Permits servicemen and members of the United States Coast Guard to obtain 95 percent guaranteed FHA loan with a maximum mortgage amount of \$17,100. The FHA premium would be payable by the Secretary of Defense or the Secretary of Treasury as the case may be.

2. Permits a serviceman to obtain benefits under this section without affecting his eligibility for home-loan benefits under the Servicemen's Readjustment Act of 1944.

Section 223, National Housing Act, miscellaneous housing insurance

1. Permits 95-percent mortgages to finance the sale of Government-owned housing to cooperatives composed of 65 percent veterans.

Section 224, National Housing Act, debenture interest rate

1. Provides that the interest rate on FHA debentures relating to mortgages hereafter issued shall bear interest at the rate in effect at the time the mortgage is insured, as established by the FHA Commissioner with the approval of the Secretary of the Treasury.

2. Special debentures under section 221 are excluded from this provision.

Section 225, National Housing Act, open-end mortgages

1. Restricts items eligible for insured advances on "open-end" mortgages to those which would substantially protect or improve the basic livability or utility of the property.

2. The amount of the advance when added to the unpaid amount of the mortgage cannot exceed the original principal obligation, unless the mortgagor certifies that the proceeds of the advance are to be used to finance the construction of additional rooms or other enclosed space as part of the dwelling.

Section 226, National Housing Act, FHA appraisal for home buyers

The conference committee included existing homes as well as new houses in the requirement that the builder or seller of a 1- or 2-family residence make available to the purchaser a statement of the FHA appraised value.

Section 227, National Housing Act, builder's cost certification

This provision would require the builder to certify that the approved percentage of the actual cost (i. e., 80 percent under sec.

207, 90 percent or 95 percent under sec. 213, 90 percent under sec. 220, etc.) equaled or exceeded the proceeds of the mortgage loan or the amount by which the proceeds exceeded such approved percentage and to apply the amount of such excess to the reduction of the mortgage loan.

The cost certification was amended in conference to make it clear that a reasonable allowance for builder's profits may be included as part of the actual cost of a project in the case where the builder is also the mortgagor and desires to leave his profit in the corporation as equity.

Defense Housing

Section 129 of the conference bill extends title IX and title III of the Defense Housing and Community Facilities and Services Act of 1951 for Federal aid in the provision of defense housing and community facilities and services in critical defense housing areas.

Prohibition against hotel use

Section 132 of the conference bill adds a new section 513 to the National Housing Act prohibiting use of FHA-insured housing for hotel or transient purposes, except upon prior written authorization from FHA or prior usage in resort areas, as outlined in the conference bill. It provides administrative and judicial means of enforcing the provision.

TITLE II OF BILL, FEDERAL NATIONAL MORTGAGE ASSOCIATION

Section 201 of the bill—

1. Rechartered FNMA as constituent agency of HHFA, with HHFA Administrator as Chairman of Board of Directors of five Government members.

2. Authorized to purchase FHA and VA mortgages or participations not to exceed \$15,000 per family unit.

3. In effect, capital and surplus of existing FNMA would be used to capitalize new FNMA (estimate at \$70 million).

In connection with the secondary mortgage facility (see 4) capital contributions of not less than 3 percent of the mortgage or participation amount would be required of all sellers to the Association. In return common stock would be issued to the sellers, instead of the nonrefundable convertible certificates provided in the House bill, and dividends could be paid on them while the Treasury is still a preferred stockholder not in excess of the rate paid to the Treasury, and not to exceed 5 percent after the Treasury's investment is fully paid off.

4. Establishes a new secondary mortgage market facility—

(a) To purchase eligible mortgages at prices (not above par) for particular classes of mortgages as determined by Board of Directors. Volume of purchases and sales, prices, charges, and fees would be determined with the view that excessive use of the Association's facilities should be avoided.

(b) To issue Association nonguaranteed obligations, not in excess of 10 times its capital, surplus, reserves, and undistributed earnings to carry out its secondary market operations.

(c) The Secretary of Treasury is authorized to invest in such obligations up to \$500 million, plus an amount equal to reduction in FNMA present portfolio, but not more than \$1 billion, until Treasury stock in Association is retired.

5. Provides special assistance functions.

(a) President could authorize advance commitments and purchases of mortgages of various types and classifications as a support for special housing programs or to retard a serious market decline, including housing in Guam, military, and disaster housing.

(b) Treasury would supply funds in return for obligations of not more than 5 years' maturity.

(c) President could authorize not more than \$200 million in purchases and commit-

ments to be outstanding at any one time, but would have additional authority up to \$100 million to enter commitments for mortgage participation agreements for a fixed 20 percent undivided interest in each mortgage, but with a deferred participation agreement to purchase the remainder in the event of default.

6. Liquidation of existing FNMA portfolio.

(a) Issue to public nonguaranteed obligations against its assets. The funds so obtained would be used to reduce existing Treasury's investment.

(b) Treasury authorized to purchase Association's obligations in sufficient amount to carry out Association's liquidation functions. Such obligations would have maturities of 5 years or less and the interest rate would be based on the average rate of outstanding Government obligations.

(c) Three hundred million dollars of the present authorization of FNMA for mortgage purchases would be made available for the special assistance program. (See 5.)

7. Separate accountability would be maintained for the (a) secondary market operations, (b) special assistance functions, and (c) management and liquidating functions of the rechartered FNMA.

TITLE VI OF THE BILL, VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

This program is discussed at this point because of its relationship to and similarity of purpose with FNMA.

Section 601 of bill: A new voluntary home mortgage credit program would be established, under which representatives of various types of financial institutions, builders, and the Government in an organized manner would cooperate, in facilitating the flow of mortgage credit for Government-insured and guaranteed loans into remote areas and small communities. This title contained in both the House and Senate bills with minor differences. It was adopted by the conferees with minor amendments.

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Section 301 of the bill provides assistance to communities in clearing slums and assists in prevention of development of new slums by rehabilitation and improvement of blighted, deteriorated, and deteriorating areas.

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The House bill contained no provision for additional public housing and would have, in effect, terminated the public housing program after the completion of the approximately 33,000 units still authorized under existing law.

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The Public Housing Administration is authorized to enter into new contracts during the fiscal year 1955 for loans and annual

contributions with respect to not more than 35,000 additional public housing units.

These projects are limited to:

(a) low-rent housing projects undertaken in communities where a slum clearance and urban redevelopment or urban renewal project is being carried out with assistance under title I of the Housing Act of 1949, as amended; and

(b) only if the local governing body of the community undertaking the project certifies that the low-rent housing project is needed to assist in meeting the relocation requirements of section 105 (c) of that act by providing housing for persons displaced by the slum-clearance operations; and

(c) the number of units in low-rent projects covered by new contracts shall not exceed the number of units which the Administrator determines are needed for the relocation of families displaced as a result of Federal, State, or local governmental action in the community.

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1. The provision for service of process against the Home Loan Bank Board was amended in conference by deleting the language making this provision inapplicable to any pending suit.

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Mr. KUCHEL. Mr. President, will the Senator from Indiana yield?

The PRESIDING OFFICER (Mr. BEALL in the chair). Does the Senator

from Indiana yield to the Senator from California?

Mr. CAPEHART. I yield.

Mr. KUCHEL. I ask this question as a member of the Senate Committee on Interior and Insular Affairs, and now as chairman of the Subcommittee on Insular Affairs: Apparently the Senate version of the housing bill included in section 202, in title II, a provision earmarking \$15 million for mortgages covering projects located in Guam. I understand that provision was deleted by the conference committee, on the theory that the same purpose could be fulfilled by the special assistance clause, section 305, of title III, which provides that the President, after determining that such action is in the public interest, may authorize the Federal National Mortgage Association to make commitments to purchase such types, classes, or categories of home mortgages as he shall determine.

I wish to say to the Senator from Indiana that in my capacity as the new chairman of the subcommittee, I am not acquainted with the necessities which the Territory of Guam has with respect to such legislation; but I am acquainted, as I am sure all other Members of the Senate are, with the ravages which occurred on that tiny island during the 34 months it suffered desolation during World War II.

The question I wish to ask the Senator from Indiana is this: Is it his judgment that the conference committee intends, as I have suggested, that section 305 of title III may be used for these purposes, with respect to the Territory of Guam?

Mr. CAPEHART. The answer is "Yes."

Mr. KUCHEL. I thank the Senator from Indiana.

Mr. LANGER. Mr. President, will the Senator from Indiana yield for a question?

Mr. CAPEHART. I am glad to yield.

Mr. LANGER. Am I to understand from the explanation the Senator from Indiana has given that from 1940 to 1952, no system of accounting that was uniform in all the regions was set up?

Mr. CAPEHART. It do not think I quite understand the question.

Mr. LANGER. A moment ago the Senator from Indiana said the conference report provides for a uniform system of accounting.

Mr. CAPEHART. Let me say that the FHA had authority, under the old law, to require any and every kind of accounting system it wished. In the case of all section 608 projects, the FHA required them to organize a separate corporation with two forms of stock—preferred stock and common stock. The FHA took all the preferred stock of each of the corporations, and even wrote the charter for them. The FHA could have required them to give it everything.

The reason why the able Senator from Virginia [Mr. BYRD] and myself and other Members are writing this provision into the conference report is to force the FHA to do it, and to see that the FHA does do it.

Mr. LANGER. But did not the former FHA have a system of accounting?

Mr. CAPEHART. Does the Senator from North Dakota mean accounting for all the projects in the United States, or in the FHA's offices in Washington?

Mr. LANGER. I mean a uniform system of accounting.

Mr. CAPEHART. Does the Senator from North Dakota mean in the FHA office in Washington?

Mr. LANGER. I mean in all the other offices—in other words, so that one inspector could walk in and could find out the condition of the various corporations.

Mr. CAPEHART. Oh, no.

Mr. LANGER. Was there any requirement of that sort?

Mr. CAPEHART. The FHA wrote the charter for them, although the charters varied somewhat, for, of course, corporation papers must be drawn up in accordance with the State law, rather than in accordance with Federal law; and most State laws in regard to corporations are different.

Mr. LANGER. Were annual reports required?

Mr. CAPEHART. Yes.

Mr. LANGER. Were the annual reports sent to the President?

Mr. CAPEHART. That is just the point. I see the able Senator from Virginia [Mr. BYRD] laughing. As he well knows, evidently nothing was done with the annual reports; because if the annual reports had been sent to the President, then, when the first, second, third, and fourth annual reports were submitted, let us say, 6, 7, or 10 years ago, it would have been recognized that they were mortgaging out and that all of these abuses were occurring.

Mr. LANGER. I repeat, were the reports sent to the President?

Mr. CAPEHART. No; they were kept in the FHA files.

Mr. LANGER. Were any of the annual reports sent to the Comptroller General?

Mr. CAPEHART. No; although that is what we are requiring now; we are mandating the FHA to do what it should have done, anyway, and what it had authority to do and could have done if it had wanted to do it.

TITLE I OF BILL, FHA IMPROVEMENT AND REPAIR LOANS UNDER TITLE I OF NATIONAL HOUSING ACT

First. Existing terms and maturities continued.

(a) Maximum amount of loans for home repair is \$2,500 with maximum maturity of 3 years and 32 days.

(b) Maximum amount of loans for improvement of multifamily dwellings is \$10,000 with a maximum maturity of 7 years, 32 days.

Second. Coinsurance: Maximum insurance to lender to be 90 percent of loss on each individual loan.

Third. Limits types of loans to improvements which substantially protect or improve the basic livability or utility of property.

Fourth. Limits granting of insurance to supervised lenders approved by FHA, and to such other lenders as (on the ba-

sis of their credit and experience or facilities for this type of loan) FHA approves.

Fifth. Prevents use of improvement loans on new homes until completed and occupied for 6 months.

Sixth. Prevents multiple title I loans on the same structure from exceeding in the aggregate the maximum statutory dollar limitation for the type of loan.

SECTION 203, NATIONAL HOUSING ACT, SALES HOUSING

First. New housing: Provides a maximum ratio of loan-to-value of 95 percent of the first \$9,000 of value plus 75 percent of the excess over \$9,000, and authorizes the President to increase the \$9,000 up to \$10,000 if he determines it to be in the public interest.

Here is a case where the present law calls for 95 percent of the first \$7,000 and 70 percent of the excess over \$7,000, and not to exceed \$11,000. That has been increased to 95 percent of the first \$9,000, 75 percent of the excess over \$9,000, and authorizes the President to increase the \$9,000 to \$10,000 if he determines it to be in the public interest. In other words, in this case we are liberalizing existing law.

Second. Existing housing: Provides a loan-to-value ratio of 90 percent of the first \$9,000 plus 75 percent of the excess over \$9,000 with authority for the President to increase the \$9,000 up to \$10,000.

Third. For both new and existing housing, the maximum loans on 1- or 2-family residences are \$20,000; on 3-family residences are \$27,500; and on 4-family residences are \$35,000.

Fourth. Provides a maximum mortgage maturity of 30 years on new houses; and a maximum of 30 years or three-fourths the life of the house, whichever is less, for existing structures.

Fifth. Provides for insurance of mortgages on housing located in suburbs and outlying areas not to exceed a maximum mortgage of \$6,650 and not in excess of 95 percent of the appraised value. Provides that this type of insurance can be made available to an owner-occupant mortgagor regardless of his credit standing, upon the guaranty of another person or corporation with credit standing satisfactory to FHA.

That is a new provision in the housing law.

Sixth. Provides for the insurance of mortgages for farmhouses located on 5 or more acres adjacent to a public highway and a maximum mortgage of \$6,650 and not in excess of 95 percent of the appraised value.

That is the section about which the able Senator from Oklahoma [Mr. MONRONEY] inquired a few minutes ago.

SECTION 213, NATIONAL HOUSING ACT, COOPERATIVE HOUSING

First. Provides for a maximum mortgage amount of \$25 million per project.

Second. Sets 65 percent as the number of veterans necessary to qualify a project for the higher mortgage and higher loan-to-value ratio provisions.

Third. The conference deleted the Senate amendment to increase the per room mortgage limitations by \$1,000 in areas where the cost levels so required.

SECTION 220, NATIONAL HOUSING ACT, URBAN RENEWAL

First. Provides that before the insurance under this program can become operative, the HHFA Administrator is required to certify that he finds—

(a) That the governing body of the locality has approved a redevelopment or renewal plan.

(b) That such plan conforms to the general plan for the development of the locality as a whole.

(c) That necessary legal authority and financial capacity exists to carry out such plan.

Second. Provides that the maximum mortgage amount for units in excess of 4 is \$7,000 per unit.

Third. Provides that the maximum mortgage amounts may be increased not to exceed \$1,000 per room for multifamily rental projects in high-cost areas.

SECTION 221, NATIONAL HOUSING ACT, RELOCATION HOUSING FOR DISPLACED PERSONS

First. The Housing and Home Finance Administrator determines the number of section 221 units needed and so certifies to the FHA Commissioner.

Second. Provides that the mortgage cannot exceed 95 percent of the appraised value on new homes and 95 percent on existing homes except when the mortgagor is nonprofit or governmental agency in which case the loan may be for 95 percent on either new or existing housing).

That is a new section.

Third. Mortgage maturity of 30 years or three-quarters of the economic life of the structure, whichever is lesser.

SECTION 222, NATIONAL HOUSING ACT, MORTGAGE INSURANCE FOR SERVICEMEN

First. Permits servicemen and members of the United States Coast Guard to obtain 95 percent guaranteed FHA loan with a maximum mortgage amount of \$17,100. The FHA premium would be payable by the Secretary of Defense or the Secretary of Treasury as the case may be.

Second. Permits a serviceman to obtain benefits under this section without affecting his eligibility for home loan benefits under the Servicemen's Readjustment Act of 1944.

SECTION 223, NATIONAL HOUSING ACT, MISCELLANEOUS HOUSING INSURANCE

First. Permits 95 percent mortgages to finance the sale of Government-owned housing to cooperatives composed of 65 percent veterans.

SECTION 224, NATIONAL HOUSING ACT, DEBENTURE INTEREST RATE

First. Provides that the interest rate on FHA debentures relating to mortgages hereafter issued, shall bear interest at the rate in effect at the time the mortgage is insured, as established by the FHA Commission with the approval of the Secretary of Treasury.

Second. Special debentures under section 221 are excluded from this provision.

SECTION 225, NATIONAL HOUSING ACT, OPEN-END MORTGAGES

First. Restricts items eligible for insured advances on "open-end" mortgages to those which would substantially protect or improve the basic livability or utility of the property.

Second. The amount of the advance when added to the unpaid amount of the mortgage cannot exceed the original principal obligation, unless the mortgagor certifies that the proceeds of the advance are to be used to finance the construction of additional rooms or other enclosed space as part of the dwelling.

SECTION 226, NATIONAL HOUSING ACT, FHA
APPRAISAL FOR HOME BUYERS

The conference committee included existing homes as well as new houses in the requirement that the builder or seller of a 1- or 2-family residence make available to the purchaser a statement of the FHA appraised value.

SECTION 227, NATIONAL HOUSING ACT, BUILDER'S
COST CERTIFICATION

This provision would require the builder to certify that the approved percentage of the actual cost—that is, 80 percent under section 207, 90 percent or 95 percent under section 213, 90 percent under section 220, and so forth—equaled or exceeded the proceeds of the mortgage loan or the amount by which the proceeds exceeded such approved percentage and to apply the amount of such excess to the reduction of the mortgage loan.

We talked about this a short time ago.

The cost certification was amended in conference to make it clear that a reasonable allowance for builder's profits may be included as part of the "actual cost" of a project in the case where the builder is also the mortgagor and desires to leave his profit in the corporation as equity.

Let me say that in no case could it be more than 100 percent, and then he must leave his money there; he cannot take it out until the mortgage is retired or paid for.

DEFENSE HOUSING

Section 129 of the conference bill extends title IX and title III of the Defense Housing and Community Facilities and Services Act of 1951 for Federal aid in the provision of defense housing and community facilities and services in critical defense housing areas.

PROHIBITION AGAINST HOTEL USE

Section 132 of the conference bill adds a new section 513 to the National Housing Act prohibiting use of FHA-insured housing for hotel or transient purposes, except upon prior written authorization from FHA or prior usage in resort areas, as outlined in the conference bill. It provides administrative and judicial means of enforcing the provision.

TITLE II OF BILL, FEDERAL NATIONAL MORTGAGE
ASSOCIATION

Section 201 of the bill—

First. Recharter FNMA as constituent agency of HHFA, with HHFA Administrator as Chairman of Board of Directors of five Government members.

Second. Authorized to purchase FHA and VA mortgages or participations not to exceed \$15,000 per family unit.

Third. In effect, capital and surplus of existing FNMA would be used to capitalize new FNMA—estimate at \$70 million.

In connection with the secondary mortgage facility (see 4) capital contributions of not less than 3 percent of the mortgage or participation amount would be required of all sellers to the Association. In return common stock would be issued to the sellers, instead of the nonrefundable convertible certificates provided in the House bill, and dividends could be paid on them while the Treasury is still a preferred stockholder not in excess of the rate paid to the Treasury, and not to exceed 5 percent after the Treasury's investment is fully paid off.

Fourth. Establishes a new secondary mortgage market facility.

(a) To purchase eligible mortgages at prices—not above par—for particular classes of mortgages as determined by Board of Directors. Volume of purchases and sales, prices, charges, and fees would be determined with the view that excessive use of the Association's facilities should be avoided. I wish to state at this point that this is a new Government corporation that is being formed.

(b) To issue Association nonguaranteed obligations, not in excess of 10 times its capital, surplus, reserves, and undistributed earnings to carry out its secondary market operations.

(c) The Secretary of Treasury is authorized to invest in such obligations up to \$500 million, plus an amount equal to reduction in FNMA present portfolio, but not more than \$1 billion, until Treasury stock in Association is retired.

Fifth. Provides special assistance functions.

(a) President could authorize advance commitments and purchases of mortgages of various types and classifications as a support for special housing programs or to retard a serious market decline, including housing in Guam, military, and disaster housing.

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(c) Three hundred million dollars of the present authorization of FNMA for

mortgage purchases would be made available for the special assistance program—see paragraph fifth.

Seventh. Separate accountability would be maintained for the (a) secondary market operations, (b) special assistance functions, and (c) management and liquidating functions of the re-chartered FNMA.

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I ask Senators who are interested in public housing to pay close attention to these limitations.

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Mr. DOUGLAS. Mr. President, will the Senator yield for a question on title IV of the bill?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. May I ask the distinguished Senator from Indiana about the total number of housing units authorized? As the Senator is aware, the Housing Act of 1949 authorized 810,000 units. Of that number, approximately 200,000 units have been constructed. At the present time, 33,000 are under construction. It is my understanding that the conference report provides for only 35,000 additional housing units, or a grand total of 268,000 units, which is about one-third of the program originally authorized. Am I correct?

Mr. CAPEHART. The bill we are considering at this time provides for 35,000 public housing units for fiscal 1955, and they would only be available for those displaced by some governmental agency by slum clearance.

Mr. DOUGLAS. My first question was only on the quantitative aspect.

Mr. CAPEHART. Yes.

Mr. DOUGLAS. Am I correct in understanding that the total public-housing program authorized will aggregate 268,000 units, as compared with 810,000, authorized under the 1949 act?

Mr. CAPEHART. I believe the Senator is correct.

Mr. DOUGLAS. I thank the Senator. The next question that I should like to ask of the distinguished Senator from Indiana refers to the qualitative restrictions which are proposed. Do I understand that this public housing can be built only for persons who have been ousted from their previous accommodations because of slum clearance and superhighway construction, and so on?

Mr. CAPEHART. Yes; by governmental action.

Mr. DOUGLAS. May I ask the Senator from Indiana how many cities have been carrying on slum-clearance projects?

Mr. CAPEHART. How many cities are doing so at the moment?

Mr. DOUGLAS. Yes; therefore how many cities would be eligible, by virtue of having slum-clearance projects, to apply for public housing to provide for people who are otherwise eligible for public housing?

Mr. CAPEHART. I believe there are 109 in the primary planning stage, 103 in the final planning stage, and 72 in what might be called the development stage.

Mr. DOUGLAS. Seventy-two cities are actually carrying on slum clearance?

Mr. CAPEHART. They are in the development stage.

Mr. DOUGLAS. Is it slum clearance, or does it include superhighways?

Mr. CAPEHART. They are projects under slum clearance. A total of 72 projects are in the development stage in the entire United States.

Mr. DOUGLAS. I point out, however, that this is the number of projects, not the number of cities. It is my understanding that only about 20 or 25 cities actually have these projects under title I in the final development stage.

May I further ask the very able Senator from Indiana whether it is necessary that families should already have been evicted because of slum clearance before the public housing project could be constructed?

Mr. CAPEHART. No, my understanding is that their houses would not necessarily have to be torn down. If a preliminary contract had been entered into, or if the families knew they were going to be displaced, and it was definite, as a result of even one preliminary contract, or one in the preliminary stage, that they were going to be displaced in the future, my understanding is, and my position is, that the families should be eligible for occupancy.

There is some question about that interpretation, or there was when the bill was explained on the floor of the House.

Mr. DOUGLAS. Did not the debate in the House indicate that it would be necessary for the slum-clearance project to be in process of being carried out and for families already to have been evicted before they could be counted as eligible for admission to a public-housing project and the project could be approved?

Mr. CAPEHART. I believe the debate in the House was to the effect that final plans would have had to be approved before persons would be eligible or qualified to occupy public housing.

My position personally is that once it has been established, even in a preliminary stage, that there will be a displacement, then the families should become eligible.

This is a question which will have to be referred to the General Accounting Office for a final decision. If the decision is not as I think it should be, namely, that once it has been determined, even in a preliminary stage, that there will be a displacement, and that the families will be eligible for occupancy, then I think the law should be changed the early part of next year.

Mr. DOUGLAS. But the damage will have been done in the meantime.

Mr. CAPEHART. Well, some damage may have been done; but it is only 5 months until January 1.

Mr. DOUGLAS. Whether the law will be changed may depend on what happens on November 2.

Mr. CAPEHART. Is the Senator speaking optimistically or pessimistically?

Mr. DOUGLAS. To say that families must be ousted before a public housing project can be started is equivalent, is it not, to saying that a family must drown before a rope can be thrown to them?

Mr. CAPEHART. That is why I say that I personally think the result could not be other than as I have interpreted the bill.

Mr. DOUGLAS. I appreciate the Senator's good humor.

Mr. CAPEHART. I do not mean to be humorous; I simply say I do not believe the bill can be interpreted any other way.

Mr. DOUGLAS. I know that the Senator from Indiana is kind-hearted and generous, because I have served with him for many years. But his kindness and generosity will not alter the provisions of the bill; and the interpretations as given on the floor of the House seem to me directly contrary to what the Senator from Indiana has said.

Mr. CAPEHART. I do not maintain that the bill can be interpreted in that way. I say that the proper interpretation is as I have stated it, not as it was interpreted on the floor of the House.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter from Mr. Albert M. Cole, the Administrator, who takes the same position as I do.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOUSING AND HOME

FINANCE AGENCY,

Washington, D. C., July 21, 1954.

HON. HOMER E. CAPEHART,

United States Senate,

Washington, D. C.

DEAR SENATOR CAPEHART: As you know, the conferees adopted an amendment to the public housing authorization restricting new contracts to communities where a slum-clearance and urban redevelopment or urban renewal project is being carried out under title I of the Housing Act of 1949. In interpreting this phrase Mr. WOLCOTT stated at page 10514 of the CONGRESSIONAL RECORD of July 20, that "a slum-clearance or urban renewal or redevelopment project is not being carried out until at least the final plans have been approved by the Federal Government." Final plans are not approved under title I until late in the process of developing a project, only just before the final contract is entered into for loans and grants. It is only a matter of months after this stage that land is acquired and families begin to be displaced by the title I project. Since it generally takes at least a year and one-half to 2 years for the acquisition of land and the completion of construction of a public housing project, public housing contracted for at that stage cannot possibly be ready to house the families displaced by the title I project.

It is my understanding that the purpose of restricting public housing to communities where a title I project is being carried out was to make public housing available for the rehousing of low-income families as soon as they are displaced by a title I slum-clearance program and thus facilitate slum clear-

ance. This understanding is clearly borne out by the language of the bill, by the conference report and by the whole tenor of debate and discussion of the subject. I know of no discussion in the meetings of the conferees that is contrary to this understanding.

In order to accomplish this purpose of having public housing available for the displaced families, it is necessary that public housing contracts be entered into as soon as the title I project starts being carried out, that is, as soon as the first Federal advances for the title I project are contracted for. The interpretation by Mr. WOLCOTT on July 20, if allowed to stand as representing the intent of the conferees, would make almost impossible the effective use of the 35,000 units authorized for additional contracts, and might well jeopardize the acceptance of the conference report in the Senate.

Sincerely yours,

ALBERT M. COLE,
Administrator.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Is it not true that the majority members of the committee of conference on the part of the House believed, on the contrary, that families would not be eligible and public-housing projects could not be approved until after they had been evicted?

Mr. CAPEHART. No; the statement was made on the floor of the House, by the manager of the bill, and is not in agreement with the statement which the Senator from Indiana is making, in substance. It was not stated in the conference report, it does not appear in the conference report, and is not, in my opinion, a part of the bill. At any rate, the interpretation which the Senator from Illinois has suggested is not my understanding of the situation.

Mr. DOUGLAS. If the Senator from Indiana would not object, I should like to call his attention to the statement of the very able Representative from Michigan, Mr. WOLCOTT, in his explanation of the bill, which appears on page 10514 of the CONGRESSIONAL RECORD, as follows:

If a slum-clearance project is not being carried out in any area, then they cannot get public housing.

Then notice this:

A slum-clearance or urban renewal or redevelopment project is not being carried out until at least the final plans have been approved by the Federal Government.

Mr. CAPEHART. That is exactly what I said Representative WOLCOTT said. But according to my understanding and my interpretation of the bill, my personal feeling is that once it has been planned as a result of a redevelopment program or other Government action that a person is to be ousted, then he should become entitled to public housing, provided, of course, he meets all the other qualifications of the Public Housing Law.

Mr. MAYBANK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BUSH in the chair). Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. CAPEHART. I yield.

Mr. MAYBANK. The Senator may recall that it was desired to make provision for employees of Federal, State

and local governments, and it was necessary to hold out for a long time in order to secure agreement as to that.

Mr. CAPEHART. Every Senator should know exactly the position of the House in respect to public housing, and the debates which have taken place in the House on numerous occasions. There is no secret about it. The majority of the Members of the House are against public housing. They are about as adamant as it is possible for anyone to be on the subject.

Mr. DOUGLAS. First, I desire to thank the Senator from Indiana for contributing to the legislative history of the bill. I hope very much that it will be the statement by the Senator from Indiana which will be adopted by the Housing Administration and the General Accounting Office in its interpretation of the law.

May I ask the Senator from Indiana this question, in order to nail the subject down: Does the Senator from Indiana, as chairman of the Senate conferees, believe that the language of the final bill provides that persons must be evicted by reason of slum clearance, superhighway, or other public projects, before a determination can be made with respect to the number of people who will be dislocated as a result of the slum clearance, urban redevelopment or urban renewal program?

Mr. CAPEHART. It is my understanding, as chairman of the conference, that once it was definitely planned that persons will have to be displaced from their homes in the future as a result of governmental action—and when I speak about future action, I am not talking about 5 or 10 years from now; I am talking about the future—with respect to a specific project, in its preliminary stages, considering that if it had gone so far, it was going to be finished, then such displaced persons would be eligible.

Mr. DOUGLAS. In other words, if it could be anticipated that they would be evicted, then at that time they would be counted and the local agency could certify that the people who are to be displaced would, to the extent they are otherwise eligible, require low-rent public housing and therefore that a public housing project is necessary to assist in meeting the relocation requirements of section 105 (c). Is that correct?

Mr. CAPEHART. I do not want to say "anticipated."

Mr. DOUGLAS. Then let me say reasonably anticipated that they will be evicted?

Mr. CAPEHART. If a preliminary contract had been entered into, and preliminary arrangements had been made, and it was definitely established that a section would be cleared out as fast as it could be cleared out, meaning 12 months or 18 months, or perhaps as much as 3 years, then the persons living in a large or a complicated project in that area would be eligible for admission to public housing. That is how I intended the interpretation should be, and that is the way I think it should be.

Mr. DOUGLAS. I regret that there is a conflict of opinion between the Senator from Indiana and Representative

WOLCOTT of Michigan. It is one more indication of a division which seems to exist within the ranks of the members of the party to which the Senator from Indiana belongs. But I sincerely trust that in this respect, at least, the Senator from Indiana may triumph and that the public housing projects may be approved, if other conditions are met, as soon as the preliminary slum clearance contract has been entered into and before any evictions.

Mr. CAPEHART. That is my feeling. As the able Senator from Illinois knows, I am not bashful about saying what I think at any time.

Mr. President, if there are no further questions, I shall be very happy to yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. BYRD. Mr. President, within my recollection, the two greatest scandals which have rocked this country have been, first, the Teapot Dome, and, second, the recent housing disclosures.

It will be many years before we know the full extent of the graft and the fraud and the malfeasance in office which have occurred in these housing programs. All the Federal housing programs involve the expenditure of \$60 billion. I do not mean that that is the amount outstanding. There is a contingent liability on the part of the Government of about \$35 billion in Housing and Home Finance Agency programs alone. There have been revolving funds, and a total of about \$60 billion is involved.

Mr. President, it makes no difference to me whether the people who are guilty are Democrats or Republicans, I want them all punished, and I wish to make reference now to a statement made on the floor of the Senate by my distinguished friend, the able chairman of the Committee on Banking and Currency, at a time when I was not present. He said:

Whether it be Mr. BYRD or whoever it may be, I am not going to permit statements to be made which I do not think are factual and I am not going to permit statements to be made which attempt to point the finger of scorn at the Republicans, at Mr. Cole and Mr. Mason and others.

Mr. President, that was the exact statement made by the Senator from Indiana. He made another statement along those lines at the same time. He said:

I am getting a little tired having the able senior Senator from Virginia and other Senators bob up all the time and talk about collusion and mismanagement, when we are doing the best we can to clean up the mess that the other administration, not this administration, created. If there is a mess, the other administration created it; we did not. We are trying to clear it up.

The he made a television appearance a few nights ago, I am told, and said that he was very much irked because Senator BYRD was asking that the people guilty should be punished.

Mr. President, I have not injected politics in any way, shape, or form into the investigation which the committee of which I am chairman has made, and I do not intend to do so. I have been urg-

ing that Powell be indicted and prosecuted. I assume he is a Democrat; I do not know what his politics is. He was appointed under a Democratic administration. But the Attorney General, I do not know why, has not taken steps to get the indictment, although on April 17 I called his attention to the things which I believed would justify his indictment. He sent to my office Assistant Attorney General Warren Olney, who discussed the matter, and I thought that action would be taken.

Powell pleaded the fifth amendment twice, and I say that any man who pleads the fifth amendment has three strikes against him when it comes to a question of whether or not he is guilty. If he was not guilty, why did he refuse to answer when the Banking and Currency Committee had him as a witness before the committee? Yet nothing has been done about it.

Powell is the key to the section 608 program. There is no question about that. He has a criminal record, too, outside of this case. He is the man who approved the contracts, who made possible these unconscionable windfalls, such things as the Gross case in New York, whereby the cost of the projects was \$20 million, but \$24 million was secured in loans, and only about \$1,000 or so was put up as capital. Then those making the applications were so greedy that they wanted the capital-gains treatment of the \$4 million that was distributed to them, instead of paying the regular taxes. That is the way this whole scandal came out into the open. It was not through Mr. Cole. Mr. Cole had been in his position since January 1953, and I communicated with him last July, calling his attention to these matters, and he did nothing whatever in the interval. Finally the collector of internal revenue, Coleman Andrews, brought the matter out, because those involved were claiming capital-gains treatments of the enormous gains they had made, instead of paying the regular taxes.

I am not criticizing Mr. Cole or anybody connected with the administration, if he has done his duty, but I wish to say it ill becomes the Senator from Indiana to endeavor to put all the blame in this matter on the Democrats. I do not defend the Democrats when they are wrong; neither do I accuse Republicans when they are right. I have never done that. Mr. Cole has been in that office for 18 months, and did nothing until he was forced to do it.

I invited Mr. Cole to my office, and he admitted he did not know anything about the cost of these projects, and he said no books were kept at the headquarters of this Agency. He had been in office about 8 or 9 months. So I say that both parties are to blame; but I do not intend that the able Senator from Indiana shall cast aspersions on me by saying that I am trying to play politics in this matter.

If I have irked him up to this date by what I have said and done, I am going to continue to irk him. I shall keep insisting that those who commit fraud involving millions of dollars should be punished.

Mr. CAPEHART. Let me read from a page of the Senator's statement:

The housing bill as recommended by the conference committee is still a loosely drawn bonanza for those who would exploit it for private gain at public risk. There is nothing in the bill—

The word "nothing" is used—

to tighten up administrative responsibility. The additional invitation to immorality resulting from 20-, 30-, and 40-year loans, which make it difficult to estimate the losses ultimately to fall on the backs of the taxpayers, still remains.

So when the able Senator wrote his speech and said there was nothing in the bill to tighten it up, he was not being factual.

Mr. BYRD. If the Senator will permit me to complete my statement, I will say exactly what I think about this bill.

Mr. CAPEHART. That is what I had reference to the other day, and what I had reference to on the radio and television program on which I recently appeared. I will permit the able Senator to proceed, but I can read other things in his speech.

My point is—and I repeat it—that we are doing the best we can, and we did the best we could with the bill, and, frankly, it irks me just a little bit to have the able Senator from Virginia rise and say we brought in a bill with nothing in it—and he used the word "nothing."

The able Senator says to the Attorney General of the United States and others in this administration, "Why don't you do something about it? Why don't you hurry, hurry, hurry?"

We are hurrying; we are doing something about it. I again say we are trying to clean up the mess which was created by the past administration over the last 20 years; and I make no apology for saying that, because it is true. When I spoke the facts on the radio and television program, I was talking about what the able Senator said in his prepared speech.

Mr. BYRD. I do not believe this bill is very much better than the present law.

Mr. CAPEHART. That is why, as chairman of the committee, I justify taking exception to the statement of the able Senator, and I resent it.

The PRESIDING OFFICER. The Senator from Virginia has the floor.

Mr. BYRD. At least I am going to make my statement. I wish to say just a few more words about the scandals.

There are instances noted in the record where loans were made to the extent of 140 percent of the actual cost. Why were they so made? They were made because the legislation at that time did not require that the loans be made on a basis of cost. That is the first consideration that should be noted. The bill now being discussed does not require that they be made on the basis of cost. Let me read:

(c) The term "actual cost" has the following meaning: (1) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses,

and other items of expense approved by the Commissioner, plus—

That certainly is not actual cost. The FHA Commissioner can put in all other items he may choose and claim them as part of the cost. It says further—

(1) A reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an amount equal to the Commissioner's estimate of the fair market value of any land.

Mr. President, that is not cost. That is the very thing that has caused the scandals up to this time, that the loans are not based upon costs, but are based upon estimates. So the bill continues to permit exactly the same things which resulted in conditions making it possible for some unbelievable windfalls that have been received by the people involved over the country.

Mr. President, so far as I am aware, not a single prosecution has been begun, not a single indictment has been brought, under the section 608 program. And that is the section under which the great frauds have occurred. The Senator from North Dakota [Mr. LANGER], who sits before me, knows, and everyone knows, that millions and hundreds of millions of dollars were taken in by builders and borrowers, and the burden first falls upon the renters. Let us not forget that.

The people who pay the rent have to bear the impact of these windfalls first. Then the Federal Government which insured the loan comes in and pays whatever may be left. The Federal Government has the contingent liability. The Federal Government has insured these loans in many instances substantially in excess of the actual money invested.

I want to make it clear, Mr. President, I am going to continue, so far as my influence goes, to ask again and again for this Republican administration to indict and prosecute those who are guilty. You cannot waste and squander and take from the people \$500 million—I think the Senator from Indiana gave that figure and Coleman Andrews, of the Internal Revenue Bureau, gave that figure—for one program alone, the section 608 program, without somebody being guilty of something.

Incidentally, I think there are 14 of these programs under Federal Housing Administration alone.

I do not think any law was ever drawn as loosely as these housing program laws. I say that with all due deference to the distinguished chairman of the committee and the distinguished former chairman—you cannot get \$500 million in excess loans without some fraud somewhere along the line. I am going to insist those who are guilty be punished. I care not whether they are Democrats, Communists, or Republicans. If they are guilty they should be punished.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. CAPEHART. The Senator and I are in 100 percent accord. In fact, the Senator has said more mean things about what has happened in this matter than I have.

I frankly was a little bit offended at the statement the Senator made in the prepared speech, that this bill was not any good.

I agree 100 percent that this Republican administration and this Attorney General had better prosecute some people, because I agree there is a lot of graft and corruption. Our committee is working night and day on this investigation. I just felt a little bit irked, you might say, when I heard that nothing had been done, since we have worked on this matter diligently to improve the legislation.

Mr. BYRD. I am very sorry that I have irked the Senator by that statement. I hope the Senator has not lost any sleep over it. I am going to continue to irk him if the Senator means asking that these people be punished is what irks him.

Mr. CAPEHART. Just give us a little time. We will get squared around, too. An awful mess can be made in 20 years. It cannot be cleaned up in 20 days.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. DOUGLAS. Has the able Senator from Virginia had his attention called to the fraud and abuse which has been going on in the last 18 months under title I?

Mr. BYRD. I have.

Mr. DOUGLAS. Has the Senator from Virginia observed that the abuse under title I has been appreciably less in the last 18 months?

Mr. BYRD. I do not have any evidence on the subject.

Mr. DOUGLAS. Has the Senator from Virginia noticed any prosecutions or indictments by the Department of Justice of the current abuses under title I?

Mr. BYRD. I stated a few minutes ago—perhaps the Senator did not hear me—that so far as I know there has not been a single indictment under any of these FHA programs. I do not know why it is necessary to wait months and months until the Senator conducts some investigation by his committee.

We have in this country a form of government whereby the Congress can expose, but the indictment and prosecution must be handled by the proper department of the Government. It is incumbent upon Mr. Brownell to go into these things. Mr. Brownell has plenty of evidence from the Congress and he has the FBI to make his own investigation. I have been informed of no action by the Justice Department and I say this with all due deference to Mr. Brownell and to the Republican Party and to the Republican administration. I am not accusing them of anything except what appears to be dereliction in this matter during the time they have been in office for 18 months.

I want to see this thing cleaned up. I want to see some of these people put back of bars, and they ought to be back of bars. It is unbelievable that \$500 million in one single program should be taken as a profit or a windfall. Somebody was crooked somewhere along the line, and many of them were.

I yield to the Senator.

Mr. DOUGLAS. Does the Senator from Virginia not think that in addition to probing the past abuses under section 608, the recent abuses under title I should also be probed?

Mr. BYRD. I agree with all of that. I think practically all the titles have abuses under them.

Mr. DOUGLAS. That is true.

Mr. BYRD. I want to make it clear again: Notwithstanding what the Senator from Indiana says, new loans are not to be made on the basis of actual cost. I have read it to the Senator. It says: "and other items of expense approved by the Commissioner."

That is certainly not on the basis of cost. The Commissioner can add any item he pleases; whatever his inclination may be.

The bill also says that a reasonable allowance must be made for a builder's profit. Nobody knows what is a "reasonable allowance." That is not on the basis of cost.

The bill also says that the land shall be estimated at a fair market value. That is not on the basis of cost.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Louisiana.

Mr. LONG. Will the Senator tell us what percentage of mortgage would be guaranteed under the present bill?

Mr. BYRD. It is 80 to 95 percent of actual cost, under the definition of "actual cost" in this bill.

Mr. LONG. I am sure the Senator knows if you get as much as a 90-percent guarantee and you allow for a contractor's fee or a builder's fee—the terms are used interchangeably—that would add anywhere from 5 to 10 percent all along. Now, the architect's fee would be around 5 percent. Oftentimes the man who builds the project is a contractor. In fact, in almost every case he is. He is usually a contractor building a building for himself, because he owns almost all of the stock in the corporation. If you allow for a builder's fee of 5 percent and allow for an architect's fee of anywhere from 3 to 5 percent, and then you allow the person a fee for developing his own property—that is, for putting in his own utilities—he can shave 10 percent off in those three items very easily. Therefore, he would have none of his own cash equity involved.

The junior Senator from Louisiana tried to point this same matter out on section 608, starting in 1949 to 1951. The Senator said that sort of thing time and again here on the floor, yet only now we are finding out through the internal revenue how many of these windfall profits were made.

I would like to suggest to the Senator that there is nothing dishonest about these people building these projects for less than the amount guaranteed on the mortgage; but what is wrong about it is that it is very irresponsible for the Government to guarantee a mortgage on which the person borrowing the money has no financial obligation whatsoever.

Mr. BYRD. I agree with what the Senator says, but I do say in those section 608 cases it would have been impossible for these enormous profits to have been made without collusion between those who fix the replacement value, when that was the standard, and those securing loans, because loans were made at 140 percent of the actual value. It is inconceivable that there was no collusion and graft.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. DOUGLAS. Another way in which the costs were padded, is it not true, is the fact that raw land would be purchased at \$500 an acre, and then the project would be planned, and it would be said that with the project to be placed on the land the land would now be worth several thousand dollars an acre, so that there was a write-up of the value of the land without any investment, and the mortgage was issued not on the cost of the land, but on the appraised value of the land with its use for the section 608 projects?

Mr. BYRD. I will say to that Senator that is written in plain language right in the bill, "an amount equal to the Commissioner's estimate of the fair market value of the land."

If the property is owned by the person doing the building he can make a profit on the land as well as a profit on the building. He can do as the Senator says; charge the architect's and other fees in it and risk not a single penny, under this bill, which is supposed to safeguard against these scandals and frauds.

Mr. DOUGLAS. If the Senator from Virginia will yield may I say that when this bill left the Senate committee there was a provision in it that the value of the land was to be the actual cost of purchasing the raw land prior to its being developed.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. CAPEHART. If the Senator from Virginia will turn to page 21 of the conference report, he will find the following language:

That such additional amount under either (A) or (B) of this clause (ii) shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation.

Mr. BYRD. That is exactly the plan under the present law, which is the estimate of the fair value of the replacement.

Mr. CAPEHART. We discussed the question at great length, and the able Senator from New York was one who insisted in the committee that we should write such a provision in the bill; namely, that the Commissioner must take the land at the price which a person paid for it at the time he purchased it, and could not value it as a result of any improvements made in the way of a building.

Mr. LEHMAN. Mr. President—

The PRESIDING OFFICER (Mr. PAYNE in the chair). The Senator from Virginia has the floor. Does the Senator yield for a question; and if so, to whom?

Mr. BYRD. I yield to the Senator from New York.

Mr. LEHMAN. I think the distinguished chairman of the Committee on Banking and Currency is mistaken in stating the position which I took.

Mr. CAPEHART. What was the position which the Senator from New York took?

Mr. LEHMAN. I did not take the position that if a man bought a piece of property a long time ago and then decided to build an apartment house, or a group of small houses on that property, with a guaranteed mortgage, he was under any obligation to value the land at the price which he paid for it years ago. It would be perfectly unfair to do that. I did say he should put it in at a price that was reasonable at the time the undertaking was started.

Mr. CAPEHART. The fair market value before any improvements were put on the property. That is the provision to which the able Senator from Virginia objects.

Mr. BYRD. I do not care how it is put in. It is going back to the present loose formula.

I read it again. The FHA Commissioner can add other items of expense to the construction. All he has to do is to put in what he pleases, without limitation. Then there is provided a reasonable allowance for the builder's profit. Nobody knows what that is. It may be 10 or 20 percent. Some builders make a profit of 20 percent.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Louisiana.

Mr. LONG. Does it make good sense to lend money to a person who wants to build on his own land merely for his own profit?

Mr. BYRD. That is what is being proposed.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. MAYBANK. I appreciate what the Senator from Virginia has said. any time the Government goes into the financing business, no matter whether the proposed legislation is considered by the Committee on Finance, the Committee on Armed Services, the Committee on Banking and Currency, or whatever other committee may consider it, the business people of this country have the ability and the means to hire persons who make \$100,000 a year, more or less, so that they can examine the law and get around it. With the salaries that persons in the Government are paid, the Government cannot cope with them, in my judgment. I hope the Senator from Virginia agrees with me that persons hired by such firms are paid 5 and 10 times as much as any Member of the Senate or of the clerical staff.

Mr. BYRD. The Senator from South Carolina may be right, but it is the obligation of the United States Congress to write a law which does not have loopholes.

Mr. MAYBANK. How can that be done?

Mr. BYRD. The financing can be put on the basis of actual cost.

Mr. MAYBANK. The Senator is a member of the Committee on Finance. The Senator must recognize that there are probably loopholes in many laws reported from that committee.

Mr. BYRD. Does the Senator say that the same loopholes are going to be continued?

Mr. MAYBANK. I merely wish to say that such firms, with all the money and resources at their command, will somehow be able to find ways of getting around the law, no matter what kind of law the Congress enacts.

Mr. BYRD. If there is bound to be fraud, then we should not enact such a law as this.

Mr. MAYBANK. The same thing happened in the Department of Agriculture.

Mr. BYRD. Does the Senator know of any activity that compared to the fraud and unconscionable windfalls such as occurred in the FHA?

Mr. MAYBANK. The Senator from Virginia is correct. As far as fraud is concerned, I am fearful that those persons were within the law. However, I hope it is found that they were violating the law.

Mr. MAYBANK. Mr. President, will the Senator yield further?

Mr. BYRD. I yield to the Senator from South Carolina.

Mr. MAYBANK. I think persons who violate the law ought to be put in jail and fined. However, it must be remembered that after years and years of holding hearings, at which witnesses told Members of Congress that such things could not happen, they did happen. I voted for the amendment offered by the Senator from Louisiana [Mr. Long], providing for 80-percent loans instead of 90 percent.

Mr. BYRD. Who were the witnesses who testified?

Mr. MAYBANK. The mortgage bankers and presidents of real estate associations.

Mr. BYRD. They are the people who are getting the money.

Mr. MAYBANK. I know that. I was not born yesterday morning. The Senator from Virginia knows that.

Mr. BYRD. Did the Senator from South Carolina accept the judgment of those witnesses on the matter?

Mr. MAYBANK. I did not. I voted for the amendment offered by the Senator from Louisiana. The RECORD shows that. I did not accept the judgment of the late Senator Wherry when section 608 was extended. No; I would not accept the judgment of such persons. But whose judgment is the Senator going to accept?

Mr. BYRD. I would not accept the judgment of interested parties who are to get the money.

Mr. MAYBANK. We had testimony from bankers, real estate men—

Mr. BYRD. They are the ones who are getting the money.

Mr. MAYBANK. There were witnesses from veterans organizations, the Veterans of Foreign Wars, the Jewish War Veterans, the Farm Bureau, the Grange,

and other organizations. All those persons testified in favor of the law. I do not know of anyone who was against it. But I think a lot of people are against it now.

I am in favor of seeing that what the Senator from Virginia has suggested be done. The persons who are guilty of fraud should be put in jail. However, I wish to say that in my judgment a great many people may have made a great deal of money under the law that the Congress enacted.

Mr. BYRD. Some did and some did not.

Mr. MAYBANK. Of course, and the ones who violated the law will be punished—

Mr. BYRD. The frauds amounted to \$500 million in one program.

Mr. MAYBANK. I think as much as \$3 billion has been made.

Mr. BYRD. I am speaking of the section 608 program only. There are 14 programs altogether.

Mr. MAYBANK. I am not arguing with or questioning the Senator's statements. I merely wish to have the record clear that Congress enacted a law. I believe the Senator from Virginia added certain amendments to the bill which we accepted.

Mr. BYRD. No. I offered 10 amendments, and only 4 were accepted, and I shall discuss the matter of these amendments.

Mr. MAYBANK. That is a pretty good batting average.

Mr. BYRD. You should analyse what was done.

Mr. MAYBANK. I rose only to make my position clear because, having been former chairman and having been on the committee, as the Senator knows, since 1944, I cannot recall a single person who came before our committee and testified otherwise than what I have stated. The witnesses testified that what did happen could not happen. I voted for the Long amendment. I voted against continuing section 608. I fought it to the end. The junior Senator from Virginia [Mr. ROBERTSON] and I voted for the Long amendment. The junior Senator from Virginia is present, and he knows that.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the junior Senator from Virginia.

Mr. ROBERTSON. In conference we supported the Byrd amendments. The main one was the one that required the lender to make a certificate. The House Members would not accept it. We did put in a stiff requirement for builder compliance. The lenders, the insurance companies located in New York and Connecticut, did not have appraisers located all over the United States, and they would not lend the money.

But I wish to commend the statement of the senior Senator from Virginia that there are loopholes in the bill. I can explain primarily why they are there. The chairman of the committee and the Senator from South Carolina [Mr. MAYBANK] will recall that when we first got the administration bill, I said the best way to plug the loopholes is not to guar-

antee any mortgage more than 80 percent. But the administration, in order to stimulate the building of certain types of houses, went up in its recommendation to 100 percent.

Mr. MAYBANK. If the Senator from Virginia will yield, let me say we fought that to the end, and so did the chairman of the committee.

Mr. ROBERTSON. That now puts the administration on notice of its responsibility.

Mr. BYRD. Mr. President, let me say to my colleague that the responsibility is that of the Congress of the United States. We who serve in Congress do not have to pass this measure if it is wrong. Instead, we can defeat it. We can send it back to the conference committee, and can have drawn another conference report which does not have in it these loopholes. We cannot place the responsibility on the one who recommends what we do.

Mr. MAYBANK. Mr. President, I do not think the Senator from Virginia, with his knowledge of me and in view of his association with me over such a long period of years, believes that I would listen to anything the administration sent here.

Mr. BYRD. I know that. But the argument is being made that the administration is responsible for these things. I say Congress has some responsibility.

Mr. ROBERTSON. But my colleague has missed my point. We got one administration recommendation which had the objective of stimulating the construction of certain types of housing. With respect to that type, the Government-support program is rather liberal. That does not mean there will be crookedness in it; if it is honestly administered, there will be no unconscionable and improper profits.

Mr. BYRD. Mr. President, I should like to complete my discussion of the amendments which were carefully worked out. We offered 10. Four were finally adopted, some with modifications.

I wish the Senate to understand that the 10 amendments which I prepared for the housing bill when it was before the Senate were neither conceived nor intended as plugs for loopholes in Federal housing programs. These programs by their nature are themselves loopholes.

These amendments as drafted were in the form of a new title to be added, applying to all housing legislation under the Housing and Home Finance Agency jurisdiction, to provide for full responsibility and full disclosure.

If, as admitted Saturday night by the junior Senator from Virginia [Mr. ROBERTSON], and the Senator from South Carolina [Mr. MAYBANK], who have had years of experience in drafting housing legislation, it is impossible to write housing legislation capable of strict enforcement, it seemed to me that assuming these programs are to be continued, the next best thing was to provide at least for full disclosure of what was going on within them and for eliminating any doubt as to where the responsibility lay.

We offered the amendment, as the Senator from Indiana will recall, that

gave the authority to Mr. Cole. He came to my office and said he was not even admitted into the doors of the other housing organizations and departments that were under him. The Senator from Indiana said a reorganization bill was coming in, in regard to this phase of the matter, and he asked me to withdraw the amendment which I did.

For full disclosure one of my amendments would have provided:

First. Requirement that records capable of effective audit be kept by the agency and by the recipients of the loans—direct and insured—and grants. This amendment was adopted by the Senate and remains in the bill.

That shows how loosely drawn the legislation has been, Mr. President—when it is necessary to amend the bill so as to require that records capable of effective audit be kept. Up to this date there have been very few records that have any value.

The second amendment provided permissive authority of the United States General Accounting Office to audit pertinent books and accounts of recipients of loans—direct and insured—and grants. This amendment was acceptable to the chairman of the Senate Banking and Currency Committee only with respect to the Public Housing Administration.

I agreed to withdraw the amendment providing for permissive audits by the General Accounting Office of related books and accounts of recipients of FHA programs on Banking and Currency Committee advice that this was covered in the bill. Actually, it is not provided. The bill provides only for audit by FHA. In effect, this means FHA is auditing its own accounts. The General Accounting Office, as the agent of Congress, has no authority to go beyond the books and records of the FHA. Frankly, if anyone is going to audit private books and papers, I would prefer an audit by the independent General Accounting Office to a self-serving audit by the FHA. As the bill stands now, the General Accounting Office, in an effort to get the facts about any future mess, may go to the books and accounts of local agencies under contract with the Public Housing Administration, but it cannot go to the pertinent books and accounts of builders and others who may be beneficiaries of windfalls under the Federal Housing Administration programs.

The third full disclosure amendment would have required that actual cost be included as a factor in any formula for determining rental rates or sales prices for any property on which Federal agencies are authorized to regulate or restrict rents or sales. This amendment was adopted by the Senate. But it was deleted in the conference on the grounds that it would have been an incentive to padding costs, that it would penalize efficient builders, and that the cost-certification provision in the bill would provide sound and adequate basis for determining rentals.

Mr. President, I have read the substitute, and it is full of loopholes.

Combined with other amendments, as they were offered, the Housing and Home Finance Administrator could have pre-

vented padding housing costs. Tenants are just as much entitled to some of the benefits of efficient construction as are the builders in a public program. When public credit is involved, there is an obligation on the part of the Federal custodian to assure efficient use of it. The cost-certification provision in the bill is based on an open-ended cost definition.

The fourth full-disclosure amendment would have required written authorization from the Housing and Home Finance Administrator for use in advertising and promotion of the words "insured," "guaranteed," "inspected," "approved," or "appraised" by the HHFA or its constituent agencies. This amendment was adopted by the Senate, but was changed in conference.

In the conference report, to advertise falsely in this manner is made a crime. This differs from the amendment the Senate adopted, to the extent that it provides for after-the-fact action. My amendment would have required approval before such advertising could be foisted on the public.

The fifth full disclosure amendment would have required full and complete annual reports to Congress. This amendment was adopted by the Senate, and it is substantially retained in the conference bill.

For full responsibility, my amendments would have provided, first, fixing responsibility with adequate authority for all functions and programs under the agency squarely on the Housing and Home Finance Administrator. He could delegate the work, but not in a manner to relieve himself of any responsibility. I withdrew this amendment, as I have said, on representation by the committee that there would be a presidential reorganization plan to accomplish this purpose. So far, no such plan has been presented to Congress.

When the plan did not arrive in time to be taken up at this session, I wrote to the Bureau of the Budget, which prepares reorganization plans, on June 29, and inquired as to whether such a plan was intended. The Director of the Budget has now replied, saying:

The President has been aware of the defects in the organization of the Housing and Home Finance Agency and the inadequacy of the Administrator's authority over internal management of the agency. Additional authority has, however, been conferred on the administrator by the Independent Offices Appropriation Act of 1955.

This language, in effect, reaffirms what Reorganization Plan No. 2 of 1947 intended. But within the last few months Mr. Cole has said he did not have authority commensurate with his responsibility, and actions by constituent units within the Housing and Home Finance Agency have confirmed his contention.

My second full responsibility amendment provided that, as a condition for consideration of loan-insurance applications, a certification of a prospective lending institution, by its own independent appraisal, that it believes the proposed project to be sound. As a check against appraisals by the Housing Agency, this would be a protection to the Administrator, and it would put this

much responsibility on the lending institution.

This amendment was adopted by the Senate. But it was deleted in conference on the contention of lending institutions that they did not have adequate personnel to inspect the loans, and that the so-called share-the-risk amendment in the bill was adequate to make lenders more selective in their loans under title I. The attitude of the lending institutions on this amendment is disappointing. They are insured against risk on these loans; and they are unwilling to assist the Government in determining, in their own communities, whether the loans should be made. The so-called share-the-risk amendment applies only to the home repair and improvement loans. It has nothing to do with construction loans.

My third full-responsibility amendment would have required submission of itemized specifications with each application for a project loan, grant or loan insurance, including actual-cost estimates. These estimates would have included every item the applicant considered to be a cost. Under the amendment the specifications and cost estimates could be accepted as a whole by the Housing and Home Administrator, or he could reject them, or would modify any item. This would have established responsibility for the amount approved, and would have provided a basis for responsible inspection and advertising.

The Senate adopted this amendment. But the conference excluded the FHA from the application of the amendment. It now applies only to public housing and slum clearance. It is contended that submission of specifications and cost estimates are impracticable for FHA programs. With that reasoning, I do not agree.

But at the same time, it is admitted that the amendment would be practicable for public housing and slum clearance. I do not follow that reasoning.

My fourth full responsibility amendment would have tightened up inspection, to assure that the specifications approved by the administrator have been met. This would have protected the Administrator's responsibility to the Government and would have met his responsibility to the purchasing public. I withdrew this amendment on the committee representation that, for all practical purposes, it was covered in the committee bill.

The bill has a warranty provision which provides for certification that 1-to 4-family residences have been constructed in conformity with plans and specifications. The warranty provision does not apply to the multiunit construction program.

I fully agree with my colleague from Virginia [Mr. ROBERTSON] and the Senator from South Carolina [Mr. MAYBANK], who on Saturday, expressed the opinion that "Congress cannot write a law that will be capable of strict enforcement in this field."

I have read volumes of Federal housing laws and hearings, and still more volumes of regulations. In summary, they have attempted to subsidize, in one

form or another, borrowers and leaders, builders and brokers, buyers and sellers, tenants and landlords, rural and urban people, veterans and military service people, colleges and the indigent, local and Territorial governments, ad infinitum.

In addition to this kind of underlying philosophy Federal housing programs have at least three fundamental weaknesses. These weaknesses are:

First. Too much public money and credit, and this bill makes more available according to Mr. Albert M. Cole, Housing and Home Finance Agency Administrator;

Second. Loose legislation, as Senators ROBERTSON and MAYBANK have indicated, and despite all the efforts to plug the loopholes the bill is still open to evasion and exploitation; and

Third. The third fundamental weakness is irresponsible administration which the bill does not correct.

In consideration of the legislation represented by this conference bill, it should not be overlooked that there have been nearly 40 Federal housing programs involving some \$60 billion in public money and credit.

There are two Veterans' Administration programs through which there have been nearly \$23 billion in direct and guaranteed loans. There is no limitation on authority to guarantee VA housing loans. There are still other housing programs in the Military, Interior, and Agriculture Departments.

But more than half of this public money and credit, an aggregate of some \$35 billion, in Federal appropriations, grants, direct loans and insured loans have gone out through some 30 programs which are now gathered under the Housing and Home Finance Agency. This is exclusive of the Home Loan Bank Board. This bill involves Housing and Home Finance Agency programs.

Most of the loan authority under the Housing and Home Finance Agency revolves, and when repayments are made the program can use the authority to insure more loans. At present there is \$17,500,000,000 outstanding in FHA insured loans alone.

As to the new authority in this bill, I quote verbatim from a letter signed by Administrator Cole. Under the date of July 23, 1954, Mr. Cole wrote to me as follows:

As requested in your letter of July 16, the following table will give you the amount of net new authority in the pending Housing Act of 1954 for direct loans, insured loans, and grants:

Insured loans:	
FHA—All programs except title I.....	\$1, 500, 000, 000
Additional authority in the President's discretion.....	500, 000, 000
Direct loans:	
Advances for planning public works.....	10, 000, 000
Public facility loans (revolving fund).....	50, 000, 000
Farm housing—title I, Housing Act of 1949....	110, 000, 000
Grants:	
Planning grants.....	5, 000, 000
Annual contributions for farm housing.....	2, 000, 000

As to loose legislation, one of the big loopholes in Federal Housing Administration construction programs to date has been insuring loans on the basis of a percentage of estimated replacement costs; not actual cost. The estimates of replacement cost have been made or approved by those charged with promoting the program.

In too many instances the percentage of replacement cost exceeded by far 100 percent of actual cost and in some instances as much as 140 percent.

Members of the Senate and conference committees have done their best to plug this loophole by requiring a certification of actual cost which the bill attempts to define. I am fully aware of the difficulty of writing such a definition. And when you analyze the definition in the bill, you find the wide open spaces which have been the source of Federal housing program evils.

The definition of actual cost as written into this bill may be divided into two parts. One part is concerned with building expenses, and the other part is concerned with land estimates.

With respect to building expenses, the bill defines actual cost as including, but not limited to, labor, materials, construction contracts, off-site public utilities, streets, organizational, legal and then it adds other expenses approved by the Commissioner. This is the Federal Housing Commissioner; not the Housing and Home Finance Administrator. Allowance is also made for builders' profits where borrowers are builders.

With respect to land estimates, the bill defines actual cost as not actual cost at all, but an amount equal to the FHA Commissioner's estimate of fair market value of the land or lease before improvements.

In analysis, the definition of actual cost with respect to construction expenses is open at the end to allow the FHA Commissioner to throw in all other additional expenses he can find, and with respect to land, actual cost is defined as the FHA Commissioner's open-end estimate of fair market value.

With this two-part definition of actual cost wide open at both ends, in view of the philosophy of the legislation, and on the record of the attitude of both the administrators and the recipients of FHA programs, there isn't much difference between what is possible under this provision and the old estimated replacement cost formula.

The only construction costs affirmatively omitted from the present estimated replacement cost formula are kickbacks, rebates or trade discounts. The actual cost definition says the estimated fair market value of land cannot include improvements, but it does not prohibit including the increased value resulting from an insured loan commitment.

Most frequently land is all the borrowers put up in the FHA programs, and under this cost definition they will get the benefit of the FHA Commissioner's estimate of fair market value, presumably including the increased value resulting from the loan commitment, which may be far in excess of actual costs.

Land deals have been one of the principal gimmicks in FHA practices up to date. Trading in insured loan commitments on undeveloped land has not been an uncommon practice.

None of the basic laxity in the slum-clearance program has been fixed. There is no formula or standard for fixing maximum payments for property acquired or fixing minimum charges on property sold. And therefore, there is no standard by which the loss to the public can be controlled.

The Government has no protection against exploitation of the program in the locality except a contract. If the contract is violated, the Government's recourse is limited to taking over projects which it does not want.

The program still contemplates taking over open areas where there are no slums to clear, and it still contemplates taking private property from one individual and disposing of it to another individual for private gain.

The conference bill limits low-rent public housing to localities with slum-clearance areas, and confines it to the requirement for relocating families displaced by another Government program.

Here again the Government is protected only by a contract; and if the contract is violated it has no recourse except to take over the property which it does not want.

It is possible for the Government loans—direct, insured, and guaranteed—grants and appropriations under all three of these programs—Federal Housing Administration, Slum Clearance Division, and Public Housing Administration—to be pyramided within one area.

With respect to irresponsible administration in the Housing and Home Finance Agency, there are at least two virtually autonomous agencies within the Housing and Home Finance jurisdiction, each with an independent administrator and each apparently with little regard for the Housing and Home Finance Agency Administrator's responsibility for their activities. One of these agencies is the Federal Housing Administration. The other is the Public Housing Administration.

Mr. Cole personally has told me that the FHA would not let him through its doors.

When this bill was before the Senate, I offered a new title to it in the form of an amendment for full responsibility and disclosure. The theory of the title was if we must have Federal housing legislation incapable of strict enforcement, then at least we could have the responsibility for these programs nailed down, and full disclosure of what was going on within them.

The first amendment in this proposed title was the full responsibility amendment which simply provided that the Housing and Home Finance Administrator should have full authority commensurate with his responsibilities for all the programs under the jurisdiction of the Agency.

I was urged to withdraw this amendment with the understanding that there

was to be a Presidential reorganization plan to accomplish the same purpose. The reorganization plan has not arrived, and I am advised by the Bureau of the Budget that there will not be one at this session.

Now I am told that such authority was given the Administrator by language in the independent offices appropriation bill. How effective this language may be in the future remains to be seen. Before the independent offices bill was passed, the Housing and Home Finance Agency Administrator told me the FHA would not let him in the door, and since the independent offices bill was passed the Public Housing Administration has rushed to the hill to tell me when PHA information was desired we should call upon the Public Housing Administration and not Mr. Cole's office.

As to the other nine amendments in the suggested full responsibility and disclosure title:

The Senate adopted my amendment to require submission of independent appraisals with application for FHA loan insurance and to place some responsibility on the leanders, but this was deleted in the conference.

The Senate adopted my amendment to require that actual costs be included as one of the factors in any formula for determining Federal housing rental rates and sale prices. This was deleted in conference.

The Senate adopted my amendment to require an application for Federal housing aids to submit full specifications with respect to the project and giving the Administrator the authority to approve, disapprove or modify them. The conference limited this to public housing.

I offered virtually identical amendments with respect to auditing by the General Accounting Office of FHA and public housing. The amendment affecting public housing was accepted by the Senator from Indiana [Mr. CAPEHART], and adopted by the Senate. The amendment affecting FHA was unacceptable to the Senator from Indiana.

Likewise an amendment for Federal inspection of Federal housing projects was unacceptable to the Senator from Indiana on the grounds that it was taken care of elsewhere in the bill. It is hoped this comes to pass.

Of 10 amendments offered in the Senate in the nature of a full disclosure and responsibility title applicable to all of the major programs under the Housing and Home Finance Agency, 4 survived. One required all beneficiaries of these programs to keep records. Another required fuller reporting to Congress by the Housing and Home Finance Agency. The third required honesty in advertising. The fourth provided GAO audit of Public Housing Administration.

Perhaps some of the loopholes in the housing programs have been plugged. But by their nature these programs constitute a bonanza for those who would exploit them for private gain at public risk.

How much of all this public money and credit has gone into housing, and how much has gone into the pockets of profiteers, no one will ever know. Most

of the loans are for 20 to 40 years and it will be a long time before it can be determined how much the loss will really amount to in terms of dollars. But this much is certain. The original impact of excessive loans falls on those who rent and buy the houses because the rents and prices are based on amortization of the high loans. Ultimately the losses in the sour loans fall on the backs of taxpayers generally.

With this vast amount of public money and credit available; with the kind of administration and exploitation we have experienced; and with the continuing invitation to immorality which is inherent in the program, there is not much reason to expect more than temporary reprieve while the floodlights of investigation are in full glare.

Cleansing this Augean stable will require more than a few stopgaps hurriedly legislated even before investigation is fairly started.

I desire to be recorded against adoption of the conference report, as I was against original passage of the bill.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. BYRD. I yield.

Mr. LANGER. Was the Senator from Virginia one of the conferees representing the Senate on this bill?

Mr. BYRD. I was not a member of the committee.

Mr. LANGER. Can the Senator tell us about the 10 amendments to which he referred, particularly as to whether they were proposed at the conference?

Mr. BYRD. I offered 10 amendments on the floor. Seven of them were adopted by the Senate. Four of the amendments were approved by the conference committee.

Mr. LANGER. Can the Senator tell us about the three that were rejected?

Mr. BYRD. Yes; I just read them.

Mr. LANGER. The Senator from North Dakota was temporarily diverted, and he did not hear the Senator make that explanation. I wonder whether the Senator would briefly tell us about the three amendments that were rejected by the conference committee.

Mr. BYRD. The first of the amendments would have required that the actual cost be included as a factor in any formula for determining rental rates or sales prices for any property on which Federal agencies are authorized to regulate or restrict rents or sales. This amendment was adopted by the Senate, but was deleted in conference, on the ground that it would have been an incentive to padding costs, and so forth, which I have answered.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. BYRD. First, I should like to answer the question of the Senator from North Dakota.

The second amendment was that, as a condition for consideration of loan-insurance applications, a certification of a prospective lending institution by its own independent appraisal be made to the effect that it believed the proposed project to be sound. The purpose of the amendment was that if a bank were to guarantee a loan from the Federal Gov-

ernment of 80 percent, or 90 percent, or 100 percent, the bank would have to say whether it thought it was a sound financial proposition. That amendment was adopted by the Senate but deleted in conference.

Mr. CAPEHART. Will the Senator yield?

Mr. BYRD. I should like to finish my explanation.

Mr. CAPEHART. I just wanted to give the reasons why the conference committee turned that amendment down.

Mr. BYRD. I understand. The Senator from Indiana may make his explanation later. I first wish to answer the questions of the Senator from North Dakota. The third amendment deleted in conference required that the actual cost be included as a factor in any formula for determining rental rates or sales prices for any property on which Federal agencies are authorized to regulate or restrict rents or sales.

Mr. LANGER. As I understand the Senator's position, it is that the present bill is not much better than the present law, under which all this corruption took place. Is that correct?

Mr. BYRD. I think it is somewhat better. However, I think the main question still exists in regard to the estimated costs. I will read to the Senate from the report.

The bill provides that the term "actual cost" has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Commissioner.

In other words, he can add any items he pleases. That is not actual cost. In addition to that, reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner. In other words, a man who builds his own project and borrows money would have his profits included on the basis on which the loan is made. In addition, an amount equal to the Commissioner's estimate of the fair market value of any lands is defined as "actual cost." I contend the chief loophole in the present legislation still exists in the bill, namely, that the loans are not made on the basis of actual cost.

Mr. LANGER. Mr. President, I thank the Senator.

Mr. CAPEHART. Mr. President, will the Senator yield so I may answer each one of the Senator's statements?

Mr. BYRD. Yes.

Mr. CAPEHART. Suppose the Senator is correct, and the Commissioner is not going to do an honest job and he is going to allow costs that should not be allowed. Does not the bill state that if there is an overage it must be applied to the mortgage?

Mr. BYRD. If it reduces—

Mr. CAPEHART. To reduce the mortgage. Therefore the Federal Government does not guarantee the amount that is reduced.

Mr. BYRD. Who will determine that the cost of the land was excessive or that items of expense are excessive? Who will determine what the builder's profits should be?

Mr. CAPEHART. The able Senator knows that the bill specifically provides that if there is an excess over the 90 percent or 80 percent or 95 percent—depending upon the title of the bill—that when the job is completed all the costs are totaled up.

Mr. BYRD. Just a moment, please. It says "and other items of expense approved by the Commissioner."

Mr. CAPEHART. Of course there may be other items that will have to be approved by the Commissioner.

The Senator is making a mountain out of a molehill. Certainly there might have been other items of expense. There might have been attorneys' fees. It is not possible to think of every conceivable item of expense which a person might legitimately incur. I repeat, a mountain is being made out a molehill.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. LANGER. Some of the representatives of very big concerns have suites in the Mayflower Hotel and other hotels where, week after week, they entertain visitors, and then charge such expense to the building contracts. As I understand, the Senator from Virginia objects to such items of expense being included.

Mr. CAPEHART. Those are expense items which should be controlled by an honest administrator. Perhaps there are other things being done which, as the able Senator says, are wrong and should be avoided. But it is not possible to write into a bill every legitimate expense which might well arise. I say that a mountain is being made out of a molehill.

Mr. LANGER. Could it not be done by eliminating the provision to which the distinguished Senator from Virginia objects—items of other expense?

Mr. CAPEHART. How could that be done when there might be other legitimate expenses?

Mr. BYRD. It simply says "expenses."

Mr. CAPEHART. Perhaps it would have been better to have included the word "legitimate."

Mr. BYRD. The provision for estimated replacement value has been the cause of excessive loans. Here provision is included for a reasonable allowance for a builder's profit. What will it be? Ten percent? Twenty percent?

Mr. CAPEHART. It will be limited by regulation. When the actual balances are totaled up, if the total amounts to more than 90 percent of the actual cost of the project, that excess amount must be repaid on the mortgage.

Mr. BYRD. That is just like going around the barn or around a circle.

Mr. CAPEHART. We do not care how much money they spend themselves.

Mr. BYRD. I submit that while attempt has been made to tighten up the bill it still has many loopholes.

Mr. CAPEHART. I do not maintain that it is a perfect bill. The only regret I have is that the able Senator from Virginia did not appear before the committee.

Mr. BYRD. I made a lot of information available to the committee. But no one requested me to appear before the committee; otherwise I would have appeared.

Mr. CAPEHART. The Senator from Virginia did not testify before the committee.

Mr. BYRD. No one asked me to appear before the committee. I have made available to the Committee on Banking and Currency a large amount of information.

Mr. CAPEHART. All the information which the Senator from Virginia sent us had already been furnished by the Internal Revenue Service.

Mr. BYRD. Perhaps so. But if the committee had called upon me to appear, I would have been glad to appear.

Mr. CAPEHART. Let me answer, if the Senator will permit me to do so, the question about the independent appraisal business. I rather think the able Senator from Virginia was right about that. I said so in the conference. I think those gentlemen ought to state whether they were sound loans. But the statement which the able Senator favored included all the title I loans, meaning loans of \$300, \$400, or \$500. No bank could say whether or not a roof was needed over a house, and whether the loan was sound or not, without a large number of inspectors and analysts. So the conferees took the position that that provision should be eliminated. I did not agree. I thought it might still be done. But the majority won. The General Accounting Office can look at the FHA records. The General Accounting Office does not need any additional legislation to audit the FHA accounts; it has that right now.

Mr. BYRD. The General Accounting Office cannot audit the books of the persons who have made profits, but can only audit the FHA. The FHA did not have the information. Mr. Cole said he could not give me the cost of a single project.

Mr. CAPEHART. The able Senator from Virginia does not have all the facts. As to section 608 projects, the FHA has the right to audit the books. Moreover, under this bill, cost certificates on multifamily housing must be filed with FHA and GAO will have access to these.

Mr. BYRD. What books?

Mr. CAPEHART. The books of the individual.

Mr. BYRD. The able Senator is mistaken. That is not correct.

Mr. CAPEHART. I think the facts will support me.

Mr. BYRD. I differ with the Senator. I have consulted with the General Accounting Office. They do not have the right to audit the books of those who do not deal with the Government, and it is not provided in this bill.

Mr. CAPEHART. They have a right to do it if the FHA has the records GAO wants to see. If the FHA wanted the General Accounting Office to do it, the General Accounting Office could do it.

Mr. BYRD. What is the objection to including such a provision in the bill? If that right exists, it could be set forth in the bill.

Mr. CAPEHART. I do not maintain that this is a perfect bill. I do not maintain that a better bill could not have been written. I am only one of the conferees. I am 1 of 28. The House of Representatives is still a part of the Congress of the United States. The Members of the House have something to say, and they said it in this instance.

The committee's investigation came upon us after our hearings on the proposed legislation had been finished. It came upon us after the House had passed its bill and had sent it to the Senate. The Senate committee has held partial hearings. We have not done as thorough a job as we contemplate doing. When the committee has concluded with its investigation this year, and returns in January, I think possibly there will be a good many suggestions to be made with reference to the whole matter.

It may well be that the able Senator from Virginia is correct in some of his contentions. I am not saying that he is not. I am simply trying to explain what the conferees did. I am endeavoring to give some of the reasons which they put forward for doing certain things and for not doing certain things.

While I think that a better bill might well have been written, I merely want to go on record as saying that I think it is at present a good bill.

Mr. LANGER. If the bill is not a good bill, and if a better bill can be written, I say that we ought to write it.

Mr. BYRD. That is my opinion. I do not say that nothing has been done. I simply said that if loopholes have not been closed, they should be closed.

Mr. IVES. Mr. President, it is with considerable reluctance that I feel compelled to oppose the action taken by the Senate and House conferees on H. R. 7839, the so-called Federal Housing Act of 1954. Although there are many provisions contained in this bill which are very beneficial to the building industry and to the private home owner, its public housing provisions are wholly inadequate. During the Senate's recent consideration of H. R. 7839, I called attention to the great importance of a continued public housing program as an integral part of any housing legislation to be favorably considered by the Congress. Moreover, the President and his Advisory Committee on Housing recognized the basic need for the continuance of public housing at this time to aid and encourage our communities in their efforts to abolish slums. The Senate clearly understood this need and overwhelmingly adopted the public housing recommendations made by the President to the Congress, which would have provided for the construction of 140,000 public housing units during the next 4 years. Although I believe that the construction of a much greater number of units is needed during this period, the action taken by the Senate would have done much to alleviate the critical housing situation that exists for low-

income families in many of our large metropolitan areas.

Because of the action taken by a majority of the Senate and House conferees on H. R. 7839 with respect to public housing, I declined, as a conferee, to sign the conference report. The public housing provisions of H. R. 7839, which is now before the Senate, are a sham and a delusion and in no way resemble the public housing program recommended by the President.

Section 401 of H. R. 7839 now provides for an additional 35,000 public housing units during the fiscal year 1955, but only when the following restrictive conditions exist:

First. Public housing projects can be constructed only in communities where slum clearance and urban renewal projects are being carried out with assistance under title I of the Housing Act of 1949, as amended.

Second. If this condition is met, and only if this condition is met, then such public-housing projects can be constructed only if the local governing body of the community undertaking the title I projects certifies that a low-rent public-housing project is needed to assist in meeting the relocation requirements of that act by providing housing for persons directly displaced by the slum-clearance operation.

If these conditions can be met, then public-housing projects may be constructed in such communities, but only to provide housing for families displaced as a result of Federal, State, or local governmental action in these communities. These provisions of H. R. 7839 clearly violate the principle of local determination, in that public-housing assistance will be denied to communities wishing to undertake slum clearance by methods other than Federal assistance under title I of the Federal Housing Act of 1949. Moreover, communities cannot avail themselves of Federal assistance under title I of the Federal Housing Act of 1954 unless the States in which they are located enact enabling legislation. In approximately half of the several States such legislation authorizing title I projects either has not been adopted or is defective or is limited in scope. Therefore, in the States it will be impossible for communities to clear slum areas and provide families located in such areas with federally aided public-housing projects.

The experience of the Public Housing Administration shows that an infinitesimal percentage of the families residing in public-housing projects were displaced from their former dwellings by slum-clearance operations under title I of the Federal Housing Act of 1949. I am advised that, during the years 1952 and 1953, 217,506 families were admitted to public-housing projects throughout the United States. Of this number, only 13,766 families—approximately 7 percent of the total—were displaced as a result of title I slum-clearance programs.

In the city of New York, in my own State, 72,895 families were admitted to federally aided public-housing projects between January 1, 1946, and March 31, 1953. Of this number, only 170 fam-

ilies—fewer than one-quarter of 1 percent—were actually displaced by title I projects.

Although it would appear that families displaced by Federal, State, or municipal action, other than title I projects, would be eligible for public housing, if a title I project existed in the same community—and at least some families needing public housing have been displaced by such projects—the percentage of families which were actually displaced by other governmental action is considerably less than would be expected.

For example, during the year 1953, 7,078 families were admitted to federally aided public-housing units in New York City and only 1,227 families, or approximately 17 percent, were actually forced out of their former dwellings by Federal, State, or municipal action. Similarly, during the first quarter of 1954, only 4 percent of the families admitted to federally aided public-housing projects in Buffalo, N. Y., had been displaced by Federal, State, or municipal action.

The vast majority of families residing in public-housing units today formerly lived in housing which had been considered substandard because of the need for renovation or because of overcrowded conditions. Under the strict provisions of section 401 of the bill before the Senate, it will be impossible to construct public housing to alleviate these situations in the future.

It should be noted further that approximately 48 percent of the residents in public-housing projects are veterans and their families. Veterans are entitled to a preference over nonveterans with respect to admission to public-housing projects, unless the nonveterans have been actually displaced from their former dwellings. This veterans' preference is completely vitiated by the provisions of this bill, in that only displaced persons will be eligible for admission to new public-housing projects.

In conclusion, I would point out that only one-fourth of the President's program for 140,000 public-housing units is included in this bill. Furthermore, the 35,000 units thus authorized are so limited by restrictions that, in terms of effective authorization, the bill will be practically useless for public housing in the large urban areas throughout the country where public housing is most needed. H. R. 7839, as amended by the conferees, sounds the death knell of Federal public housing which is so desperately needed to prevent further deterioration of our urban communities.

New York State contributes more than one-sixth of the total Federal revenues and receives about one-fourteenth of the total amounts distributed by the Federal Government to the States. The method of distribution is based generally on the per capita income and need of the several States. We in New York have no quarrel with the principle on which this distribution is based as long as its application is equitable.

But we do feel that where we are in genuine need of Federal assistance, this need should be recognized. We feel that

in the comparatively few cases where we actually need such assistance, we are not asking too much in seeking it.

Public housing is a case in point, particularly in New York City where there is dire need for more public housing. As I have pointed out, the bill before the Senate, as amended by the conferees, does not provide for adequate public housing in any part of the country where such housing is really needed. This inadequacy hits New York State especially hard, and I feel deeply that my State is entitled to more favorable consideration.

For the foregoing reasons, therefore, I have been unable to agree to the conference report, and I must vote against it.

Mr. LANGER. Mr. President, will the Senator from New York yield?

Mr. IVES. I yield to the Senator from North Dakota.

Mr. LANGER. Did I understand the Senator from New York correctly to say that veterans' preferences are abolished, but that displaced persons would be taken care of under the terms of the bill?

Mr. IVES. That is substantially the effect of the bill.

Mr. LANGER. Would it not mean, then, that a displaced person who happened to be a man who fought for Germany and was admitted here as a displaced person would have a chance to get one of the public housing units, whereas a veteran who had fought for the United States could not?

Mr. IVES. No; that would not follow. I am talking about persons displaced as a result of slum clearance projects, redevelopment projects, and the like, in a particular community.

Mr. LANGER. I thought when the Senator said displaced persons he was referring to those who came in from other countries.

Mr. IVES. No, and I am glad the Senator brought out that point. I did not refer to displaced persons from abroad.

Mr. LANGER. It might happen that some of the displaced persons might be veterans.

Mr. IVES. It could be. It does not mean that they might not qualify under the provisions I have stated.

Mr. LANGER. In an identical situation there would be no discrimination against veterans, would there?

Mr. IVES. No. Under the bill as it is, veterans will get very little out of the law.

Mr. LEHMAN. Mr. President—
The PRESIDING OFFICER. The junior Senator from New York.

Mr. LEHMAN. Mr. President, title IV of the Housing Act of 1954, H. R. 7839, as reported to this body by the conference committee is a source of deep disappointment to me. I hope that it is also a source of disappointment to the administration. This title, as agreed to by the conference committee, is the primary reason why I oppose the approval of the bill as reported by the conference committee. It is because of the public-housing provision that certain members of the conference committee refused to sign. I congratulate them upon their steadfast refusal to accept

this betrayal of the public-housing program.

I shall certainly cast my vote against the adoption of this conference report. My vote will be based on the fact that the low-rent public-housing provisions of the bill are a sham and a delusion. They constitute no program at all. They fail to meet even the very inadequate levels recommended by President Eisenhower and the administration.

The President's recommendation with respect to public housing called for 35,000 public-housing units in each of the next 4 years. This would have made a total of 140,000 units—a number far inadequate to the need, but a number which would have at least preserved a token program.

This bill is utterly inadequate in other respects, too. At the time this bill was originally reported out by the Senate Banking and Currency Committee, of which I am a member, I filed a statement of separate views, pointing out some of these inadequacies. I ask unanimous consent that this statement be printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SEPARATE VIEWS ON HOUSING
BY SENATOR HERBERT LEHMAN

I voted to report the pending bill to the Senate.

On balance, the bill, in its present form, is better than no legislation. It has some constructive features, most notably the restoration of authority for a public housing program of the same magnitude as was authorized in the Housing Act of 1949.

Most impartial assessments of current housing needs in the United States indicate that a minimum construction program of 100,000 to 200,000 low-rent public housing units per year is an absolutely essential element of any overall attack on the housing problem. H. R. 7839, as reported by the committee, takes cognizance of this fact.

There are other commendable and constructive features in H. R. 7839, as reported. In my judgment the committee has made real improvements on the measure in its original form, as approved by the House and submitted to our committee. The committee has certainly made significant improvements on the proposals as recommended by the President.

However, I still find in H. R. 7839 a major emphasis on means and programs which may provide more and better housing for those capable of paying for it, but only a minimum of means and programs for the provision of housing for the ill housed—for those in our population who can least afford adequate housing suited to their family-size needs. Nor is there adequate provision for the stimulation of the construction of the specialized-type housing required for aged persons.

The approach to housing represented in this bill reflects, in large measure, the trickle-down theory.

Moreover, despite considerable improvements made in this bill by our committee, there are still some technical inconsistencies between different programs, and even within certain programs.

Some of the programs, especially those characterized as experimental, may involve the Government in added risk without commensurate public benefit. We of New York State, for instance, must show a real concern as to whether we will derive a benefit commensurate with the obligation and liability which the Nation here undertakes.

Certainly the experimental program of mortgage insurance, while it has my general support, in the absence of alternative means, will be of little avail in supplying housing for low-income families in and near the large centers of population.

These are, in general summary, my estimate of the weaknesses and defects in H. R. 7839.

There are other weaknesses in H. R. 7839, just as there are other beneficial aspects. The committee report enumerates the benefits. I do not propose to undertake, in this statement of separate views, a detailed analysis of the weaknesses. I think these aspects should have been more carefully and exhaustively studied in committee. A New Look at our entire housing program, and at our entire housing problem, is overdue.

Most of the weaknesses I have mentioned are either too pervasive to permit their being cured by simple amendment to the pending bill, or too technical to lend themselves readily to debate and discussion on the floor of the Senate.

These are, however, my reservations with regard to H. R. 7839. Should the Senate be in a mood to undertake a comprehensive debate and review of this legislation, or to consider fundamental amendments, I would want to feel free to make some of these points and to specify some of the weaknesses, as I see them, in the pending bill.

Mr. LEHMAN. According to the conference report now before us, this year's housing bill would authorize the Public Housing Administration to contract for not more than 35,000 public housing units during the fiscal year 1955. Thus, the bill would seem to prolong the life of the program one additional year beyond the current calendar year. But, Mr. President, this is a gross oversimplification. There are provisos attached to even this meager crust of public housing. These provisos severely limit the circumstances under which these new contracts can be made.

The bill says in effect that the 35,000 public housing units can be undertaken only by communities where slum clearance, urban redevelopment, or an urban renewal project is being carried out and only if the local governing body of the community certifies that the low-rent housing project is needed to assist in relocating persons displaced by slum clearance operations. Moreover, the total number of units in a low-rent housing project may not exceed the number of dwelling units needed for the relocation of families displaced as a result of governmental action in the community.

Mr. President, these provisions as agreed to by the conference committee will kill the public housing program. Let me explain that statement. The bill sets up a distinction between communities which have slum-clearance projects and communities which have not. The former may get public housing, and the latter may not.

But this is a fallacy, because in practice it will simply not work out this way. If a community has an approved slum-clearance project, it has already made and had approved as part of the project a plan for the relocation of displaced families. Therefore, it will need no additional public housing to implement its approved plan.

If a community is relying, under its plan, upon public housing, it is almost certain that the community has already

applied for and received approval of its plan and that contracts are already in effect with regard to this public housing.

If the community does not now have a slum-clearance project, we know from experience that it takes from 1 to 2 years for any community to get final approval for a slum-clearance project. If the community cannot get public housing unless it has a slum-clearance project, obviously it will be between 1 and 2 years before application for public housing can be made. And yet, Mr. President, this conference report provides that contracts between the community and the Federal Government with respect to the 35,000 units authorized by the bill must be in effect by June 30, 1955, less than a year from now.

To put it more briefly, the effect of the bill is that you cannot have public housing unless you have slum clearance. Chances are that you cannot get a slum-clearance project in much less than 2 years, whereas the authorization for public housing runs out in 1 year.

As if this were not objection enough, we find that 15 States do not even have laws to authorize slum-clearance projects. In 4 States authority for these projects is limited to 1 city. Only 214 communities have received tentative approval for slum-clearance projects, and only 24 communities have reached the stage where they could qualify for public housing under the terms of the conference report. Several of the communities which could qualify already have all the public housing units they can use.

Mr. LANGER. Mr. President, may we have done? We cannot hear the distinguished Senator at all.

The PRESIDING OFFICER (Mr. Ives in the chair). The Chair will ask his distinguished colleague kindly to desist for a moment while we get things straightened out in the Chamber. There are conversations going on all around. What the junior Senator from New York has to say is very important.

The Senator may now resume.

Mr. LEHMAN. I thank the Presiding Officer; and I particularly thank my distinguished colleague from North Dakota.

This bill, Mr. President, actually prohibits public housing. It is a death blow at the housing program, not a continuance of it. In the guise of a 1-year extension, it snuffs the whole program out. In this title, apparently designed to keep the program alive for a year, there are hidden daggers, designed to completely destroy it.

Mr. President, this bill not only reduces the number of public housing units to an almost absurd and ineffective level, but also surrounds the possible construction of a public housing project with conditions which will make it impossible for many communities to participate, while preventing many other cities from constructing public housing units in the numbers they require. The bill now says in effect that a community cannot improve its housing supply through the construction of public housing units, but if it has a slum-clearance project it might possibly

maintain the status quo. This cannot conceivably be regarded as progress.

Mr. President, even the most conservative of housing experts agree today that public housing should comprise a minimum of 10 percent of all housing construction to meet the needs of our low-income families.

The late Senator Taft, having studied this question over a period of many years, held to this view and consistently advanced this formula.

I, myself, think this percentage is too low, too conservative. But I would accept it in the spirit of compromise.

But what are the figures today?

According to a June 14, 1954, forecast, by the Bureau of Labor Statistics, the construction of private nonfarm dwelling units in 1954 will be 1,080,000. Mr. President, I may say that that number of 1,080,000 is by no means realistic. It should be nearer 2 million in the next few years, and the needs of the farm population should be recognized just as much and just as definitely as the needs of the urban population.

I have mentioned that according to a June 14, 1954, forecast by the Bureau of Labor Statistics, the construction of private nonfarm dwelling units in 1954 will be 1,080,000. This forecast, which is some 12,000 higher than the comparative figure for 1953 and, in fact, is higher than any of the last 5 years except 1950, does not take into account the impetus which will be given to the building industry by the new terms of the bill we are now discussing. I am personally convinced that when the provisions of the new bill become operative, there will be a considerable spurt in the building industry and that the final level of construction for 1954 will be more than the 1,080,000 forecast.

On the other hand, what has happened to the public-housing program? Are we building at anywhere near a rate of 10 percent of total housing construction? The Bureau of Labor Statistics shows that in the first quarter of 1954, a total of 3,700 public-housing units were started. In May, which is the latest month available, 500 public-housing units were started. Just think of that, Mr. President—only 500 public-housing units were started. The figure of 3,700 public-housing units compared with 105,500 private starts in the same month. Even that number, in my opinion, is far too small.

For purposes of comparison, let us note that total housing construction as reported for May of 1954 was 105,500 private units plus 500 public units, or a total of 106,000. Ten percent of this figure would be 10,600, the minimum number of public-housing units which are needed to keep pace with private building. Instead of the 10,600, however, we have only 500.

Mr. President, I shall vote against the conference report on H. R. 7839. My vote will be a protest against a bill which seeks to provide benefits for almost every phase of the housing industry, but which almost entirely ignores the needs of our low-income population.

I feel more strongly than I can personally express that the low-income peo-

ple living in the great urban centers—people for whom public housing was intended—certainly have been completely disregarded in the bill. They have been slapped in the face. Even the meager possibility of an additional 1-year program has been eliminated.

Mr. President, I intend to vote against the conference report and against the measure in its present form.

Mr. President, let us insist on a new conference, and instruct our conferees to insist on the position originally taken by the Senate, by an overwhelming vote.

Before I close and proceed to another subject, I wish to say that I am completely in disagreement that a million housing units, public and private, which have been provided for will meet the housing needs of the people of the country.

My distinguished colleague from New York [Mr. Ives], who is now presiding, is a leading member of the Committee on Banking and Currency, of which I, too, am a member, and I am sure he will support my statement, which was presented to the committee in hearings time after time, that there should be not less than 2 million housing units, private and public, constructed each year.

THE SENATOR FROM WISCONSIN

Mr. LEHMAN. Mr. President, I now desire to address myself very briefly to a subject which I think is of outstanding importance to the people of the United States and all the Members of the Senate.

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. LEHMAN. Mr. President, within the next 48 hours we may be expected to vote on a question which is the highest duty and the most fundamental right of any parliamentary body, namely, the censure of a colleague when necessary—a right and a duty which springs from the Constitution itself.

The first article of the Constitution, in enumerating the powers vested in the Congress, specifically elaborates three separate controls which each body is to exercise over its membership.

The first is the right and responsibility of each House to judge the elections, returns, and qualifications of its own Members.

The second is the right and responsibility of each House to punish its Members for disorderly behavior.

And the third is the right and responsibility of each House to expel a Member, with the concurrence of two-thirds.

We are addressing ourselves to the second of these rights and responsibilities of the Senate—to punish its Members for disorderly behavior.

This is a fundamental right and responsibility, which the Constitution not only authorizes, but instructs the Senate to exercise and to bear.

The question is: Has the junior Senator from Wisconsin so conducted himself as to merit punishment, which, in this case, is to be a resolution of censure?

This question can no longer be avoided. The responsibility is that of the whole

Senate. It cannot be passed off to the voters of Wisconsin, to the Republican Party, or to any committee of the Senate.

The motion of censure having been posed by the junior Senator from Vermont, it cannot be parried or evaded. Excuses may be found to defer a vote on the motion itself, but any parliamentary device we may invoke will not succeed in begging the question. Whether the actual motion presented for a vote is to lay on the table, to refer to a committee, or to postpone to a future date, it will still pose the basic question: To censure or not to censure?

Mr. President, in my own opinion, a motion of censure is too mild a judgment to pass on the behavior and actions of the junior Senator from Wisconsin.

Some weeks ago I introduced a resolution to remove Senator McCARTHY from the chairmanship of the committee to which the Senate had elected him. I proposed that resolution because I felt strongly that Senator McCARTHY had grossly abused and violated the authority and responsibility vested in him by the Senate.

At this point, I ask unanimous consent that there be printed in the RECORD the text of the resolution, Senate Resolution 262, which I introduced, and which is now pending before the Committee on Rules and Administration.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas Senator JOSEPH McCARTHY is chairman of the Government Operations Committee by virtue of appointment by the Senate, voted on January 13, 1953, in accordance with rule 24 of the Standing Rules of the Senate; and

Whereas Senator McCARTHY is chairman of a subcommittee of the Government Operations Committee, the so-called Permanent Investigating Subcommittee, by virtue of appointment by himself as chairman of the parent committee; and

Whereas Senator McCARTHY has abused the authority delegated to him as chairman of said committee and subcommittee by intervening unjustifiably in the conduct of the administrative affairs of the executive branches of Government, including the Department of State, the Foreign Operations Administration, the United States Information Agency, and the Department of the Army, and thus has dangerously and harmfully impaired and violated the principle of separation of legislative and executive functions and powers of the Government embodied in and provided in articles I and II of the Constitution; and

Whereas Senator McCARTHY has abused the authority delegated to him as chairman of said committee and subcommittee by presuming to arrogate to himself and to said committee and subcommittee law-enforcement functions and powers, which functions and powers are beyond the scope of the lawful authority and jurisdiction vested in the United States Senate, and in said committee and subcommittee, and thus further impairing and violating the principle of the separation of the legislative and executive functions and powers of Government; and

Whereas Senator McCARTHY has abused the authority delegated to him as chairman of said committee and subcommittee by presuming to arrogate to himself and to said committee and subcommittee judicial functions and powers, which functions and powers are beyond his lawful authority as chairman of said committee and subcommittee, and are inconsistent with and repugnant to

the exclusive lawmaking functions and powers vested in the Congress, the Senate, and committees of the Senate; and

Whereas Senator McCARTHY has abused the authority delegated to him as committee chairman by publicly inviting and soliciting wholesale violation of laws enacted by Congress, including the Espionage Act, and the violation of an Executive order forbidding the disclosure of classified security information, and by promising his protection for the violation thereof; and

Whereas Senator McCARTHY has abused the authority delegated to him as chairman of said committee and subcommittee by seeking to intimidate and harass officials of the United States Government, including honored soldiers in the United States Army; and

Whereas Senator McCARTHY has abused the authority delegated to him as chairman of said committee and subcommittee by seeking to intimidate and coerce the press and thus indirectly to accomplish what is directly forbidden under the provisions of the first amendment to the Constitution of the United States; and

Whereas Senator McCARTHY has abused the authority delegated to him as chairman of said committee and subcommittee by persistently and repeatedly violating the civil liberties, privileges, rights, and immunities of United States citizens guaranteed under the Bill of Rights of the Constitution of the United States, especially those set forth in the first, fourth, fifth, and sixth amendments; and

Whereas Senator McCARTHY has abused the authority delegated to him as chairman of said committee by presuming, in his conduct of said subcommittee, to usurp for himself all the powers delegated to said subcommittee by the parent committee, and to the committee, by the Senate; and

Whereas Senator McCARTHY has by these and other violations, arrogations, and transgressions grossly abused the authority delegated to him as chairman of the Government Operations Committee and of a subcommittee thereof, inspired and created public disrespect for the lawmaking authority, created public confusion in all branches of Government, and impaired the high standing and prestige of the Senate of the United States: Therefore be it

Resolved, That the Senate, under its plenary powers over its committees and subcommittees, hereby revokes the appointment of Senator McCARTHY as chairman of the Government Operations Committee, and as chairman of the so-called Permanent Investigating Subcommittee and of all other subcommittees to which he may have heretofore designated himself as chairman, and declares vacant the position of chairman of said committee and of said subcommittees, pending the appointment by the Senate of a new chairman of said committee in the manner prescribed by rule 24 of the Standing Rules of the Senate.

Mr. LEHMAN. Mr. President, in that resolution there are set forth a series of justifications for the proposed action. These justifications go far beyond the relatively minor questions dealt with in the hearings of the special subcommittee headed by the Senator from South Dakota [Mr. MUNDT].

Mr. President, there is no real connection between the present motion of censure and the recent inquiry conducted by the Mundt subcommittee. Regardless of the report of the Mundt subcommittee, regardless of its recommendations, a motion of censure is merited—much more than merited—because of the many other actions of the junior Senator from Wisconsin, far beyond the

questions and issues which were examined by the Mundt subcommittee.

The subcommittee might in its report recommend punitive action against Senator McCARTHY on the basis of the record before it. Or the subcommittee might absolve Senator McCARTHY. None of us knows what that subcommittee, or a majority of it, may recommend, in regard to the narrow issues presented to that subcommittee. But that is a separate question, quite aside from the motion of the Senator from Vermont [Mr. FLANDERS].

I address myself today to the question of punishment and reproof of Senator McCARTHY for acts and conduct which were not considered by the Mundt subcommittee and were beyond that subcommittee's charter of instructions.

I wish it were feasible and practicable to present for the consideration of the Senate the original Flanders resolution, or my resolution. I would have supported either of them. But the majority leadership of this body, and the members of the majority party of this body, took it upon themselves to prejudice those resolutions, and to make it effectively impossible to consider them and to vote upon them. Theirs is the responsibility for sidetracking them. The record is clear. The Republican policy committee voted unanimously to make it a matter of party policy to table the original Flanders resolution or my resolution or any resolution aimed at the heart of the problem: the right of Senator McCARTHY to continue to exercise the power and authority which he has so tragically abused and perverted, to the shame of the Senate, to the disrepute of Congress and our country.

In my heart I can forgive and understand some political acts in a campaign year. I cannot forgive or understand this act of abdication of responsibility on the part of the majority leadership of the Senate.

Those who occupy the judgment seats on our actions here in the Senate—the American people, and finally, those who come after our generation, may not easily condone the course that has been followed.

Nor do I consider my own party blameless in this regard. There was widely circulated among my colleagues on this side the cynical argument that Senator McCARTHY is the Republican Party's problem, not ours. It has been urged that we, on this side of the aisle, wash our hands of responsibility or blame on this grave matter.

What mistaken counsel is this? Read the pages of very recent history of Germany, of Italy, and of other countries. Read the history of the distant past, too. There have been examples, again and again and again, of those who sought to avoid battle with evil by telling themselves that it was a lesser evil, or that giving battle to it was someone else's obligation, that time and responsibility would mellow that evil and render it harmless, or—most cynically of all—that the evil forces could be harnessed, controlled, and used. What a disillusionment was due for those who clung to such foolish, shortsighted, and cynical notions.

On Sunday, July 18, the Washington Post and Times Herald carried an article by Dr. Hans Gisevius, one of the leaders of the ill-fated putsch against Adolf Hitler in 1944. He described the course of the cancerous growth of Hitlerism: First, the concentration on Communists, justifying any and all departures from the rules of justice and decency by the nature of the evil sought to be combated; then the gradual widening of the target of attack, first Marxists, then so-called pinks, then all liberals, and finally all critics of the regime. Gradually all who opposed the reign of terror became themselves the victims of the terror.

I ask unanimous consent, Mr. President, that pertinent portions of the article by Dr. Gisevius be printed in the RECORD, at this point in my remarks.

There being no objection, the excerpts from the article were ordered to be printed in the RECORD, as follows:

INSIDE STORY OF ANTI-HITLER PLOT

(By Hans Gisevius)

When political fanatics attempt to take over a government there will always be two different points of view among their opponents. One group will say, "Let us resist at once. It is easiest at the beginning." The other will argue, "How do you know they are really so evil? A little fresh air is always good. Let us wait and see a bit longer."

That is what happened in Germany. It wasn't that on January 30, 1933, 65 million people entered into a conspiracy to extirpate the Jews, to abolish the churches, to make war against their neighbors and to lock themselves up in one great concentration camp.

Even "decent" people admitted that there were dangerous loopholes in the law. Naive predecessors had neglected to make provisions for dealing with the Communists. Now Hitler had promised to "get rid of the Communists." So why get excited when he corrected the errors of former governments and put those enemies of the state into prison camps?

That is the way it started—quite decently. The trouble is that this concept of an "enemy of the state" broadens in proportion to the aggressiveness of its proponents. In excited times, it is a magic formula.

First it covered only the Communists. Soon it included all Marxists, then the "pinks," then the liberals, then those preachers of Christian softheartedness, the clergy—and always the Jews. Finally, an "enemy of the state" was anyone who disagreed with this new political philosophy.

The difficulty was that all this did not occur in rapid succession. If the doctrine had been born full-fledged, it would have been easier to see through it. Instead, it was developed gradually.

After storms there came calms which provoked conjectures that the wild men were getting "reasonable." After all, the "moderates" were still in the majority. (Does anyone remember that in Nazi Germany the "moderates" held a majority in the government to the end?)

In turbulent times, however, it is the minority which dictates the course of action—as soon as the moderates have given it a finger grip on power. A "wait and see" attitude may be all right in normal times, but in dealing with ruthless fanatics there can be no passive indulgence. Each day gained by the demagogue strengthens his position.

Mr. LEHMAN. Mr. President, is there a parallel with present-day events? I leave to those who listen to these words

the answer to this question. It is wise to ponder.

Though the present problem is great, the contribution proposed to be made toward its solution by the Flanders motion of censure is, in my opinion, small indeed. But what we must shun at all costs is any action which can be interpreted or described, however mistakenly, as condoning the conduct and activities of Senator McCARTHY.

Above all, let our motives in taking action be free of concern for the tradition of the Senate as a gentleman's club. The junior Senator from Wisconsin has placed himself beyond the protective pale of personal camaraderie in the Senate.

He has not spared his colleagues here in the Senate from the kind of unconscionable attacks he has made on individuals and institutions outside the Senate. He has applied the tarbrush of direct and indirect infamy to Senator MONRONEY, of Oklahoma; to Senator HENNINGS, of Missouri; to Senator SYMINGTON, of Missouri; to Senator JACKSON, of Washington; to Senator FLANDERS, of Vermont; and to others here in the Senate. Nor should we forget what he did to former Senator Benton, of Connecticut, and former Senator Tydings, of Maryland, to all, in fact, who have dared to criticize him, to call him to task for his activities. Mr. President, I am proud beyond description that I have not been spared his critical attention.

Mr. President, if the only practical move at this time is a motion of censure, let us at least take that step. Censure is a mild remedy for such a dread and contagious disease as McCarthyism. It is a mild punishment for acts which have worked incalculable damage on the Senate and on the country. The harm that has been done will take years to undo. Nor should any of us cherish the illusion that the danger is over. It is not over. It has merely been checked, for the moment.

It is almost unnecessary to specify in detail the justifications for the act of censure. The junior Senator from Vermont [Mr. FLANDERS] has spoken eloquently on the subject. Yet I disagree with him in his statement that the junior Senator from Wisconsin [Mr. McCARTHY] has done some good. I know of no good which he has directly accomplished. Mr. Frederick Woltman, the well-known Scripps-Howard reporter, has, in a recent series of articles, labeled as a myth the notion that Senator McCARTHY has been an effective fighter against communism. Mr. Woltman wrote that the record—

Will show that by his excesses, his scare-head accusations that eventually evaporate, his thumb-in-the-eye tactics, and his inevitable injection of partisan politics, whether aimed at the Democrats or at critics within his own party, Senator McCARTHY has completely befogged a major issue of the day.

Mr. President, let me say that I am very grateful to the distinguished Senator from Vermont for having placed in the RECORD the full series of the Woltman articles. I appeal to all Members of the Senate to go through the RECORD and read those articles. They are as illumi-

nating, as convincing, and, I believe, as authoritative as any articles on this subject I have read for a long time.

It has been maintained by some that indirectly Senator McCARTHY has inspired a somewhat greater public awareness of the danger of Communist infiltration and subversion. But in fact he has spread not awareness but panic, hysteria, fear, and mistrust throughout the Nation. The ordinary trust of one man in another, in his friends, neighbors, associates, has been undermined. Confidence in Government has been riddled. The Government service has been demoralized and paralyzed.

The basic institutions of our land—the press, our schools, even our churches—have been attacked and demeaned. In each of these institutions, the seeds of fear and mistrust have been firmly implanted.

Independent thought, throughout our land, has been gagged. Rigid conformity has been enshrined. Isolationist reaction has been made the standard of respectability.

And these are merely some of the broad effects of the activities of the junior Senator from Wisconsin, and of his imitators.

There are many other effects, more directly traceable to his activities and conduct, and with which we, as Members of the Senate, are more directly concerned.

He has made a mockery of the congressional investigating process.

He has ridden roughshod over the rights of scores of American citizens, using his position in the Senate to smear, denounce, and ruin individuals.

He has slandered some of the noblest public servants this country has ever had, imputing to them the high crime of treason—great men of American history like President Roosevelt, President Truman, and Gen. George C. Marshall.

He has attacked and smeared, without justification, such outstanding public servants as Ambassador Philip Jessup and Ambassador Charles Bohlen.

He has attacked and smeared, without justification, such outstanding military men as General Zwicker, and such great scholars as President Nathan Pusey and Professor Arthur Schlesinger, Jr., of Harvard University.

He has intruded unjustifiably into the administration of government, to enhance his own prestige and power at the expense of orderly government. He has succeeded in disrupting such vital organizations as the Voice of America, in paralyzing such critical establishments as the Army Signal Corps research laboratory at Fort Monmouth, and in threatening and menacing the Central Intelligence Agency.

He has inspired tragic mistrust of our country in all quarters of the globe.

He has used the power of his office to denounce such publications as Time magazine and the Washington Post, and to persecute such outstanding journalists as Ed Murrow, Drew Pearson, and James Wechsler.

Mr. President, I submitted my resolution for the removal of Senator McCARTHY from his committee chairmanship, following the introduction of the

original Flanders resolution. Although the Flanders resolution differed somewhat in its basic motivation from mine, I was prepared to support it because our two resolutions were directed toward the same end. I was prepared to vote for it and to speak in its behalf. I did my best, in recent weeks, to get support for that resolution from my colleagues.

But the Senator from Vermont [Mr. FLANDERS], for obvious reasons, will not call up that resolution. He will not attempt to discharge the Rules Committee from consideration of it. I must go along with him on his decision. Now I am ready to support his present move, the motion for censure of Senator McCARTHY.

I could go on at much greater length. It is unnecessary. The facts are known. They have been printed on the front pages of every newspaper. It is up to us to act, without timidity, or fear of finching.

I, for one, call for an early vote on the motion to censure.

It is up to us to meet the challenge of McCarthyism with the weapons that have been given to us as United States Senators. In no other way can we hope to restore the prestige of the United States Senate which has been so seriously impaired by the junior Senator from Wisconsin, JOSEPH McCARTHY.

Mr. FLANDERS. Mr. President, I ask recognition for 9½ minutes.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Vermont?

Mr. LEHMAN. I shall be glad to yield the floor to the Senator from Vermont.

The PRESIDING OFFICER. The Chair will have to intervene. The Senator from Massachusetts has been trying to get the floor for some time, and the Chair will recognize the Senator from Massachusetts. If the Senator from Massachusetts desires to yield to the Senator from Vermont for 9½ minutes, with unanimous consent that the Senator from Massachusetts will not lose the floor, he may do so.

Mr. SALTONSTALL. I must respectfully state that the press of other responsibilities, plus the fact that several people are waiting to see me, makes it impossible for me to yield at this time. My own remarks will not take more than 5 minutes.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. DIRKSEN. Mr. President, so that there will be no misapprehension, the junior Senator from Illinois expects to deal with the substance of the remarks made by the Senator from New York [Mr. LEHMAN] and also with the Flanders resolution, if and when it comes to the floor for action on Friday. I want to be sure that there is no misapprehension as to whether a reply will be made, because I shall make one, at least.

HOUSING ACT OF 1954—CONFERENCE REPORT

The Senate resumed the consideration of the conference report on the disagreeing votes of the two Houses on

the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

Mr. CAPEHART. Mr. President, will the Senator yield for a brief statement?

Mr. SALTONSTALL. I shall be glad to yield for that purpose.

Mr. CAPEHART. I have just heard from Assistant Attorney General Warren Olney with regard to the number of prosecutions and indictments in connection with the housing scandals since April. Under title I there have been 38 indictments and 13 convictions. Under slum clearance there are 11 indictments pending at the moment. Under the prevailing wage provision, 1 indictment is pending at the moment. With respect to personnel cases, dealing with employees and officials of the FHA, 20 cases are pending at the moment and there has been 1 indictment. The Department of Justice is working on hundreds of cases of all descriptions, but unfortunately, I am advised that in many instances the statute of limitations has expired. I thought the RECORD ought to show the situation, in view of the fact that we have had some discussion of the subject, and some people feel that nothing has been done about it.

Mr. SALTONSTALL. Mr. President, I well realize how difficult it can often be to work out agreement between positions as far apart as those of the House and Senate on the public housing provisions of this bill.

As chairman of the Independent Offices Subcommittee of the Committee on Appropriations, which annually scrutinizes the public housing program, I know from first-hand experience how widely separated have been the positions of the House and the Senate on this subject in recent years. Two years ago President Truman recommended 75,000 housing units. In making appropriations for the Public Housing Administration for fiscal 1953, however, the House completely ignored President Truman's recommendation and omitted any provision for that purpose. The Senate restored provision for 50,000 units. In conference, although the number was reduced to 35,000 units, the Senate succeeded in keeping a substantial public housing program underway.

Last year, the Senate's battle to retain a substantial public housing program was renewed. Again the House voted to terminate the program, but again the Senate secured a compromise under the independent offices appropriations bill which kept the program going, although on a completely inadequate basis. Under this compromise, the House finally agreed that 20,000 housing units in projects previously approved and under contract should be build during the fiscal year just ended, with no new contracts to be entered into beyond these already made. The House also added a proviso to the effect that Mr. Cole, within whose jurisdiction as Housing and Home Finance Administrator the Public Housing Administration falls, should report to

the Appropriations Committee by February 1 of this year.

President Eisenhower, in his budget mesage of this year, recommended that 35,000 units be constructed each year for the next 4 years. The Subcommittee on Independent Offices of the House Appropriations Committee nevertheless included a limiting proviso intended to prohibit any further public housing. This was stricken on the floor of the House on a point of order. So the effect of the bill, as passed by the House—and subsequently by the Senate—was to permit the construction of the 33,000 units now under contract to go ahead in the fiscal year 1955.

The House also included in the appropriation bill the so-called Phillips rider which would have virtually stopped the present slum clearance and urban redevelopment program. This action, of course, would have had some effect on the need for public housing.

My subcommittee completely eliminated the so-called Phillips rider, approved funds for the administration and processing of the 33,000 public housing units for the fiscal year 1955, and said that Congress should await the action of the Banking and Currency Committee as regards the future of the slum clearance and urban redevelopment program.

Then on June 3, 1954, by a vote of 66 to 16 the Senate authorized, under the bill which is now again before us, new contracts for the construction of 35,000 units during each of the next 4 years. The Senate at the same time nullified the various riders which had been attached to the appropriations bill during the past 2 years. This was a vindication of the President's program and overwhelmingly recorded the Senate in its support.

But, instead of 35,000 units a year for each of the next 4 years, this report includes 35,000 units for the next year only. That authorization, moreover, is hedged about with so many qualifications and restrictions as to amount not to one-fourth, but scarcely a tenth, of the President's program. Loans and annual contributions during the next fiscal year can be entered into only with respect to low-rent housing projects to be undertaken in communities where a slum clearance and urban redevelopment or urban renewal project is already being carried out with assistance under title I of the Housing Act of 1949, as amended. This, at least, recognizes the vital interrelation between slum clearance and public housing, but it is only the first of several restrictions. In addition, these arrangements can be entered into only if the local governing body of the community undertaking the project certifies that the low-rent housing project is needed to assist in meeting the relocation requirements of section 105 (c) of that act by providing housing for persons displaced by the slum-clearance operations.

There is a further limitation. It is the requirement that the total number of dwelling units contained in any low-rent housing project provided for under these new contracts may not exceed the number of such units which the Administrator determines are needed for the relocation of families displaced as the re-

sult of Federal, State, or local governmental action in the community.

The net result of the conference substitute—

And I quote the words of the manager on the part of the House from page 83 of the conference report—

is to limit the extension of the public-housing program to 1 additional year and 35,000 additional units, to restrict the authorization of the additional units to communities which have slum clearance and urban redevelopment or urban renewal programs and which require housing for the relocation of persons displaced by those programs, and to limit the number of dwelling units in such projects to the number required for the relocation of persons displaced by Government action of all types.

Mr. President, the work done by the Public Housing Administration in clearing slums is well known to us in Massachusetts. We would like to see more of it.

I ask unanimous consent to have inserted in the RECORD at this point in my remarks a list of the places in Massachusetts which have completed low-rent public-housing projects.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Places in Massachusetts with completed low-rent public-housing projects

Location and project name	Program	Units
Boston:		
Charlestown.....	USHA	1149
Mission Hill.....	USHA	1023
Lenox Street.....	USHA	306
Orchard Park.....	USHA	774
South End.....	HA49	508
Heath Street.....	USHA	420
East Boston.....	USHA	414
Franklin Hill Ave.....	HA49	375
Whittier Street.....	HA49	200
Washington Beach Street.....	HA49	274
Mission Hill Extension.....	HA49	588
Columbia Point.....	HA49	1504
Brockton.....	HA49	100
Cambridge:		
Washington Elms.....	USHA	324
John Corcoran Park.....	HA49	152
Chelsea:		
Webster Ave.....	HA49	105
	HA49	95
Fall River:		
Sunset Hill.....	USHA	356
Harbor Terrace.....	USHA	223
Hillside Manor.....	HA49	300
Framingham.....	HA49	125
Holyoke:		
Lyman Terrace.....	USHA	167
Jackson Parkway.....	USHA	219
Lawrence:		
Merrimack Courts.....	USHA	292
	HA49	208
Lowell:		
North Common Village.....	USHA	536
Chelmsford St.....	HA49	162
Lynn:		
Holyoke St.....	HA49	300
Malden:		
Malden Housing Project.....	HA49	250
Medford:		
Willis Ave.....	HA49	150
New Bedford:		
Bay Village.....	USHA	200
Presidential Heights.....	USHA	200
Brickwood.....	HA49	300
Northampton:		
Florence Heights.....	HA49	50
Quincy:		
River View.....	HA49	180
Revere:		
	HA49	100
Taunton:		
Fairfax Garden.....	HA49	150
Woburn:		
Woburn Housing Project.....	HA49	100
Worcester:		
Great Brook Valley.....	HA49	600

NOTE.—USHA denotes project built under provisions of the United States Housing Act of 1937 (Public Law 412). HA49 denotes project built under the Housing Act of 1949 (Public Law 171).

Mr. SALTONSTALL. Mr. President, I also ask that there be printed in the RECORD a list of the places in Massachusetts with units under construction and the percentage of completion.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Places in Massachusetts with units under construction and percent of completion

Place	Units	Percent of completion
Boston (Bromley Park).....	732	88
Cambridge (General Putnam Gardens).....	123	89
Gloucester.....	100	5
New Bedford.....	200	91
Somerville.....	216	97

Mr. SALTONSTALL. Mr. President, I also ask to have printed in the RECORD a list of the places in Massachusetts with units under annual contributions contract but not under construction.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Places in Massachusetts with units under annual contributions contract but not under construction

Place:	Units
Boston: Pope's Hill.....	150
Clinton.....	100
Lowell.....	372
Lynn.....	175

Mr. SALTONSTALL. Mr. President, I ask to have printed in the RECORD a list of places in Massachusetts with program reservations under the Housing Act of 1949.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Places in Massachusetts with program reservations¹ under Housing Act of 1949

Place:	Number of units
Boston.....	263
Cambridge.....	325
Chicopee.....	150
Fall River.....	200
Gloucester.....	100
Holyoke.....	160
Lawrence.....	1
Lowell.....	16
Newburyport.....	150
Somerville.....	284
Taunton.....	100

¹ Under preliminary loan contract.

Places in Massachusetts with program reservations not under preliminary loan contract

Place:	Number of units
Attleboro.....	75
Everett.....	125
Pittsfield.....	200

Mr. SALTONSTALL. Mr. President, under the conference report's stringent qualifications, there is only one single community that could presently qualify for public housing units made available by the conference bill—Somerville. The city of Boston is not eligible. Even at Cambridge, Revere, Woburn, and Worcester, where slum clearance planning is underway, there is no more than a bare possibility that they might qualify sometime during the year. Other cities in Massachusetts may get public housing

they badly need, but not from this act as it has been restricted by the compromises now before us.

Mr. President, I ask the Senate to take a close look at the practical effects of the restrictive language in the conference report. Under this language, a community must first have an approved title I slum clearance, urban redevelopment or renewal program before it can build low-rent accommodations for families who will be displaced from the sites of a title I undertaking.

This so-called guaranty of housing for these displaced families is, on the surface, very laudable. But when you examine the facts, you discover that Federal approval of a title I program is not forthcoming until late in the process of developing a project, and only at the time the final contract for loans and grants is entered into with the specific community.

Only when this 11th hour has been reached in the title I program is land acquired and the process begun to displace families from their homes. If the low-rent project for these displaced families cannot get underway until work is begun on the title I site, where will these displaced families be housed? It takes from 18 months to 2 years for a local housing authority to acquire land and complete public housing construction. What happens to these displaced families in the interim? Of what value to them is a statutory preference for decent housing that will not be ready for many long months? They will be displaced from one slum, merely to seek shelter in another one while they wait, and wait, for the completion of a public-housing project. This is a grim kind of preference.

What about other families who need public housing and will be denied it because of the present so-called preference for displaced families? What of the aged couples, living on small pensions, savings or public welfare grants, now in unsatisfactory quarters, eligible for public housing, but denied a chance for it because they will never be displaced by an approved title I program?

What of the newly arrived or the newly formed families, including veterans, who are without housing, and under this bill would not have a chance for public housing simply because they are not fortunate enough to be displaced?

The same holds for other families who need it badly but would not get an ounce of benefit from the bill as presently drawn.

There are a couple of other items in this conference bill worth mentioning. You will recall that veterans' preference for admission to public housing is extended for another 5 years. This in itself is most commendable, because today veterans account for about one-half of the admissions to public housing. But—under this legislation, the veteran, unless he lives in a slum marked for clearance under title I, remains a slum dweller.

Mr. President, President Eisenhower's public-housing program as passed by the Senate was more realistic, more practical, and more humane than the provi-

sions of this bill. It allowed for better planning. It embodied provisions for long-range economy and intelligent planning that I find conspicuously absent in this conference bill, a fact that will become increasingly evident as time passes.

For these reasons, Mr. President, I shall vote against the conference report.

JOSEPH P. McMURRAY

Mr. MAYBANK. While the distinguished senior Senator from New York [Mr. IVES] is the occupant of the chair, I desire to take this occasion to inform the Senate that beginning tomorrow we shall lose the services of Joe McMurray, who has been a member of the staff of the Committee on Banking and Currency for many years. He was a member of the staff when the late Senator Wagner was chairman of the committee, and continued to serve under the late Senator Tobey, of New Hampshire. He served on the staff when I was chairman of the committee. At present he is serving under the chairmanship of the distinguished Senator from Indiana [Mr. CAPEHART].

I am certain that all Senators realize the housing problems confronting the city of New York, under its present mayor. Since this is the last day of service in the Senate for Joe McMurray, because he will take office in New York city tomorrow, I desire to pay my respects to him. He has been an honorable, capable, efficient, and sincere servant of the Senate, of the Government, and of the people of America.

Mr. LEHMAN. Mr. President, I take great pleasure and pride in echoing the words of the distinguished Senator from South Carolina [Mr. MAYBANK]. I have known Joe McMurray for a great many years. I knew him long before I came to the Senate of the United States and became a member of the Committee on Banking and Currency. I cannot conceive of any person who could have done a more useful job than that which Joe McMurray has done. He has been a source of strength to the committee.

Tomorrow he will be sworn in as Executive Director of the Housing Authority of New York City. It is a source of very great regret to me that I cannot be present to do honor to him. It would have given me the greatest pleasure to be present, but I cannot attend for obvious reasons. All Members must remain in attendance on the Senate during the closing days of the session.

But I congratulate my own city of New York upon having obtained the services of this fine public servant, who has done so much for all of us and for the people of the country during his service on the staff on the Committee on Banking and Currency. I wish him well. I cannot tell in adequate words how much I admire this young man, and how fully confident I am that he will continue his splendid service for the people of my State and for the country.

Mr. MURRAY. Mr. President, I desire to associate myself with the remarks of my colleagues on this side of the aisle. I have known Joe McMurray for

HOUSING ACT OF 1954—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

Mr. SPARKMAN. Mr. President, at some time during the course of my remarks I am hopeful the chairman of our committee, the Senator from Indiana [Mr. CAPEHART], will be on the floor, because I want to ask him a couple of questions. The Senator from Indiana, I suppose, will be back shortly since he told me he had to leave the floor temporarily.

Mr. President, today we are witnessing the planned execution of one of the greatest programs that was ever adopted by this Congress.

Many in this Chamber today recall the passage of the Housing Act of 1949. It was sponsored by 11 Republicans and 11 Democrats. It established a national housing policy—a policy that stated simply that every American family was entitled to a decent home in a suitable living environment.

Five years ago we had courage. Under the dynamic leadership of the Senator from South Carolina [Mr. MAYBANK] and our late and beloved friend, Senator Taft, from Ohio, we declared that during the next 6 years we would build 810,000 homes for families of low income, families that would be rehoused from slum environments.

What has happened to the housing bill that we passed in 1949 is now legend. Now we are called upon today to kill the one housing program that this Congress has passed that was dedicated to the interests of the little people. It was a program that would permit families to escape from the complete degradation of slums into the sunlight of a simple but clean home where parents and children could sleep in different bedrooms.

Mr. President, have you ever lived in the fear that your child's face might be partially eaten away by rats during the night? Have you ever shared toilet facilities with 15 other families, and had the plumbing in that 1 room off the hall clogged for weeks on end? Of course you have not. But millions of your fellow Americans are living under such conditions today. And if we vote for the adoption of the conference report on the Housing Act of 1954 we will be voting for the perpetuation of slums, and will be voting to keep millions of American children in conditions that we in this body would never permit our animal house pets to suffer.

If what I say is emotional, I mean it to be emotional. There must be some heart in the Congress of the United States. There must be those who feel that the greatest asset this Nation has is its people, not its dollars. There must be those who are willing to invest a relatively few dollars in the future citizens of America. There were those in

the other body of this Congress who felt as strongly as I feel, but they were outnumbered to a shocking degree by those who would perpetuate slums in the name of private enterprise.

There are some good provisions in the housing bill that we are asked to approve today. It makes considerable concessions to the building industry. It may induce the construction of about 1 million homes during the coming year, when the housing need in this country is at from a million and a half to 2 million homes a year for the next 10 years.

While, in my opinion, some of the pending measure represents bad public policy, the principal point of debate is public housing. Never has the public-housing program been defeated in the Senate of the United States, except as a last-minute compromise on an appropriation bill in the dying hours of a Congress. Today we have the greatest opportunity ever afforded us to reassert our belief in the right of American families to adequate shelter. We will reassert that belief by sending this measure back to conference with instructions that it not be brought back to this body unless it provides for the President's program of 140,000 low-rent, public-housing units to be built at the rate of 35,000 units a year over the next 4 years. I have always believed that the President's program is inadequate. Thirty-five thousand homes a year of public housing when the demonstrated need would dictate 200,000 such homes a year is a mighty small bone to throw to those in desperate need. But at least it is a bone. There are some vitamins in the marrow.

The conference, and I was a member of the conference, but declined to sign the report, has reported a bill to us that would provide 35,000 units of low-rent public housing for 1 year, to be built in communities having operating slum clearance, redevelopment, or urban renewal programs under title I of the Housing Act of 1949. May I predict now, that we are not voting for 35,000 units of public housing to be built to rehouse families displaced by slum clearance or some other public action in communities having title I programs, we are voting for no public housing units in the coming year or any other year. We are voting death to the program, and it is a premeditated death that was carefully arranged by the managers of this report.

In the first place, 15 States have no redevelopment legislation and here they are: Arizona, Florida, Georgia, Idaho, Iowa, Mississippi, Montana, Nevada, North Dakota, Washington, Wisconsin, and Wyoming. In Kansas, Maine, Indiana, and Nebraska authority for such projects is limited to one city. But that is merely a matter of law. There still remain some States that could participate in this program if we mean what we say rather than what we are attempting to write into law.

All of the tiny, little, 35,000-unit program for the whole United States will have to be placed under loan and annual contributions contract by June 30, 1955, in order to be legal under the program we are asked to approve. That would not be difficult, if we were talking in terms

of public-housing projects. But that we are not doing. In this bill, we say that these few units must be used to rehouse families displaced in communities having slum-clearance programs under title I of the Housing Act.

The distinguished chairman of the House Committee on Banking and Currency made this interesting statement in the House of Representatives on July 20, when he was describing the public housing provisions of the report:

A slum clearance or urban renewal or redevelopment project is not being carried out until at least the final plans have been approved by the Federal Government.

Certainly, all of us must agree that there is no greater authority on what is before us today than the distinguished Representative Wolcott, of Michigan, who spoke those words. Yet, Mr. President, I cannot agree that what he said represented the views of the conferees. On the contrary, it seems to me that Representative Wolcott was speaking only for himself, and in generic terms.

Mr. President, later I propose to ask a question of the senior Senator from Indiana [Mr. CAPEHART], the chairman of the Senate Committee on Banking and Currency, as to his interpretation of the public housing provisions, in order that the RECORD may be clear as to what the intent of the conferees was.

Mr. President, when a community in one of the States where slum clearance is possible wants to clear its slums and use low-rent public housing to care for the families of low income who are certain to be displaced, what must it do? First of all, it must conduct a survey to determine the eligibility of its program. It must prepare a redevelopment plan, and must ascertain the relocation needs and resources of the community to take care of the families that will lose their homes. Then it must come forward with a complete relocation plan, which may well include public housing. But under this bill, such public housing cannot be programed because the slum-clearance program cannot yet be approved. During the entire planning period, the local public agency must obtain approval of the local governing body of the total redevelopment plan. There must be public hearings, and then the whole ball of wax must be submitted to Washington for approval. But still it is not possible to request public housing to care for displaced families. Much more goes into the building of a project of this kind, but the important fact is that, under today's procedures, a typical project requires 2½ years for the planning period, after the area has been selected and approved by action of the local governing body.

The record indicates that this time is divided by allowing 15 to 17 months for preliminary planning, and 12 to 15 months for final planning, which includes obtaining local and Federal approvals. That is the record. It is understandable. It takes time to provide major surgery on the communities of this country.

But that is not what we are talking about here. We are saying to the Nation that if we approve this conference report, we shall build 35,000 low-rent pub-

lic-housing units in the coming year to rehouse families displaced by slum-clearance projects. We also say that unless they are put under contract by next June 30, there will be no program.

But the fact is that it will take from 12 to 15 months to organize a slum-clearance program and obtain Federal approval, so that an application may be made for public housing. But the authorization we are giving today will expire in 11 months, 1 month before most programs will be ready to seek approval for public housing.

Let it be remembered that I have not mentioned 1 hour of the time that is required to initiate, carry through, obtain local and Federal approval of, and complete, a low-rent public-housing job. As a matter of fact, the typical public-housing project on a slum site requires 3 years between signing the loan and annual contributions contract and initial occupancy. For a vacant site, the period is 2 years.

It might be well for the Senate to stop for 2 minutes—120 seconds—in its mad rush for adjournment, to remember that in dealing with housing, we are dealing with human beings. We are not talking of kilowatt-hours, bushels of wheat, or the sugar content of a beet.

We are talking about people and how they live—people like us, except that they may not be Members of the United States Senate. We are talking about millions of human beings. The future of our country rests far more in their hands than in the hands of those of us who are debating this problem today.

The measure before us today, I say most respectfully, will not serve the interests of great masses of our people. It describes housing for families of low income, but makes very certain that none will be provided. It describes slum clearance and urban redevelopment, and then makes no provision for families that would be displaced by such actions. The pending measure does, of course, give the bankers a secondary mortgage facility, at the expense of the home buyer; and it provides greater Federal guaranties for private housing than have ever before been considered.

It would seem to me, as one who has long fought the hard fight for decent housing, that the most honest action the Senate of the United States can take today is to send this measure back to conference, with instructions to reconsider it in the public interest.

Mr. President, in that connection let me say that I have never been one to advocate a vast program of public housing. I have always felt that the late, beloved Senator Taft had a very understanding way in presenting this program of public housing, of which, after all, he was probably the leading advocate. I remember very well his testimony to the effect that this country ought to have approximately 10 percent of its housing program made up of public-housing units. That would be between 100,000 and 150,000 units a year, if his estimate were carried out.

I have never thought that necessarily, we would actually need the number year

in and year out; but ever since the program was adopted, I have always thought of public housing as being an essential part of an overall housing program that tried to make it possible to provide for the American people—those in every segment of our economy—a reasonable opportunity and chance to have a decent home in a decent environment.

Mr. President, I wish to say that while I am protesting against killing the public-housing part of our law—and, after all, that is, in effect, what the pending proposal is; there may be a little drawing out in a limited way, but nevertheless the conference report will kill the public-housing part of the law—I wish to say I would have protested just as strongly, had it been proposed to do away with any other part of this program, which I conceive to be just as necessary as an overall housing program.

I think it is to be deplored, Mr. President. I wish to point out again that it is completely contrary to the President's program, in which the Congress, and, in particular, the Banking and Currency Committee were asked to continue, not the full force of the housing program, but a program of 35,000 units over a period of 4 years, during which time there would be an opportunity to reexamine the entire program, after which we could chart our course, insofar as the future is concerned. It seems to me that was a very reasonable request; and I certainly would not urge going beyond supporting the President's program, which this conference report does not do.

Mr. President, it has been my experience that many men who have opposed low-rent housing change their minds, once they study the facts.

Recently I was pleased to receive a copy of a speech made some time ago by our colleague and good friend, the distinguished senior Senator from Connecticut [Mr. Bush]. In the speech, he made some statements which I think are excellent. He said:

I must confess that some years ago I had grave doubts about the wisdom of Federal intervention in the housing field, particularly when it came to providing public housing. I owe a great debt to the late Senator Taft for the enlightenment he gave me—and very many other Americans—on this problem.

Through personal conversations with Bob Taft, whom I was privileged to know as a friend, I came to see that Federal assistance in the housing field was in complete harmony with the philosophy so well stated by Abraham Lincoln in these words:

"The legitimate object of government is to do for the people what needs to be done, but which they cannot, by individual effort, do at all, or do so well, for themselves."

Now, I think it is an indisputable fact that the building industry has been unable to solve the problem of providing low-cost housing within the means of families with very small incomes. The provision of such housing is beyond the financial capacity of the States and local communities. If the problem is to be solved at all, the Federal Government must play a part.

In the speech the Senator from Connecticut [Mr. Bush] gives some history of low-rent housing, and gives some excellent quotations from the remarks of

the late Senator Taft. He closes his speech with a very eloquent plea for housing. He said:

I believe that it is a good thing for the country that common agreement has been achieved on this question. Progress has been made since the passage of the comprehensive housing law in 1949; but much still remains to be done.

One has only to walk a mile or so in any direction from our National Capitol to see slum areas, breeding grounds of crime and disease, and houses which are a disgrace to America. One can hardly visit any major city in America without coming across similar conditions.

The Senate's version of the Housing Act of 1954 gives Federal leadership in the common effort to provide good housing. It reflects President Eisenhower's conviction "that every American family can have a decent home if the builders, leaders, and communities and the local, State, and Federal Governments, as well as individual citizens, will put their abilities and determination energetically to the task." The Senate bill, I believe, provides a means by which we can progress toward that common goal.

I should like to point out that the Senate bill, as it went to conference, contained a housing provision which was in accordance with the President's program.

Mr. President, there are States in which many cities have already gone to the expense and trouble to make plans for low-cost housing projects. The distinguished Senator from Massachusetts, a short time ago, gave a list of cities and towns in his own State in different stages of preparation for low-cost housing projects. I should like to use the State of Alabama as an example of the situation which I know exists in other States.

I am informed that in Alabama cities more than 5,000 units which have been planned cannot be built under the report agreed to by the conferees.

I ask unanimous consent that a list of the cities in Alabama be printed in the RECORD at this point of my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Abbeville.....	40
Adamsville.....	115
Aliceville.....	44
Altoona.....	34
Anniston.....	136
Arab.....	32
Attalla.....	110
Berry.....	24
Birmingham.....	2,000
Brookside.....	6
Carson.....	10
Chatom.....	22
Collinsville.....	2
Crossville.....	6
Demopolis.....	100
Elba.....	34
Enterprise.....	50
Florala.....	42
Florence.....	100
Gardendale.....	62
Gadsden.....	200
Geneva.....	34
Graysville.....	74
Haleyville.....	8
Hanceville.....	12
Harpersville.....	16
Hartford.....	34
Heflin.....	34
Kimberly.....	62
Leeds.....	18

Leighton.....	30
Lineville.....	28
McIntosh.....	10
Millry.....	8
York.....	18
Mobile.....	207
Montgomery.....	910
Mulga.....	23
Oneonta.....	10
Opp.....	60
Pell City.....	48
Piedmont.....	36
Ragland.....	26
Reform.....	8
Scottsboro.....	100
Sun Flower.....	10
Talladega.....	196
Trussville.....	34
Vincent.....	12
Warrior.....	74
Winfield.....	4
Yellow Pine.....	10

Mr. SPARKMAN. It would be unjust and unfair not to permit these towns and cities to proceed with their plans, and thereby enable many families to have better homes and better surroundings.

I may point out that most of the towns are small, and it must be remembered that it was the smaller cities and the small towns that were the last to be provided for in the housing program. It was done by way of an amendment sometime after the original bill became law. It takes time to get these projects going, and many such cities and towns had their plans just about ready when the cut-off came by a rider on an appropriation bill a year or two ago. The present provision does not open them up again, because under the amendment agreed to in conference, new units must be limited to those which are connected with slum-clearance projects. The distinguished Representative from Michigan [Mr. Wolcott], who is chairman of the House Committee on Banking and Currency, stated, when the present conference report went to the House, that it would be virtually impossible to get such a project through. I believe he was wrong, and I believe the conferees on the part of the Senate to a man would say that his interpretation was wrong.

We have in Alabama a very excellent League of Municipalities. That league is headed by a warm personal friend of mine, a man who is doing a first-class job and who is truly in sympathy with the underprivileged residents of Alabama cities.

Some months ago he addressed the annual meeting of the Alabama Association of Housing Authorities. His remarks were most appropriate and are timely to the legislation now before us. It was my intention to quote from his speech, but, instead, in the interest of saving time, I ask unanimous consent that the portions of the speech I have indicated may be printed in the RECORD as a part of my remarks.

There being no objection, the excerpts from the speech were ordered to be printed in the RECORD, as follows:

THE TRIPLE THREAT TO LOW-COST HOUSING
(By Ed E. Reid, executive director, Alabama League of Municipalities)

Low-rent public housing, from its beginning in the 1930's, has been strongly supported by the Alabama League of Municipalities as well as the American Municipal As-

sociation and the United States Conference of Mayors.

The other day we had a meeting of the League's Committee on Federal Legislation. This is an important committee which assembles data and submits recommendations on Federal legislation in behalf of the League. The Honorable E. M. Megginson, Commissioner of Mobile, is the chairman of this committee.

In its report to the members of the Alabama delegation in the Congress, this committee declared:

"No program of the Federal Government is more important to our municipalities—to our Alabama communities—than the low-rent housing program."

The committee applauded the progress that had been made in constructing dwellings for more than 8,000 low-income families in 58 Alabama towns, but pointed out there were still a lot of towns on the waiting list. The committee declared that the annual limitation of 35,000 units had slowed the program to a snail's pace and at this rate it would require 4 years for Alabama to put its present reservations under construction. Meanwhile, other towns with new authorities which have applied for low-rent housing are forced to await the lifting of the freeze on reservations.

The committee recommended that construction starts be set at a minimum of 75,000 units for the next fiscal year.

HOUSING INTEREST INCREASES

It is highly gratifying to see so many local authorities represented here from all sections of the State. A few years ago all of the memberse of the Alabama Association of Housing Authorities could be assembled in one hotel room. Alabama then had only nine cities enrolled in the low-rent public housing program. Now there are 105. You will better understand our interest when I tell you that the Alabama League of Municipalities has 236 member-cities and 91 of these cities have Local Housing Authorities

As I see it, there are two reasons why this program has progressed to the point where Alabama now ranks third among all of the States in the Union in the number of localities participating in the low-rent housing program.

In the first place it is a proven program of providing decent, safe, and sanitary housing for low-income families in our large cities. It has been tested and its benefits in clearing slums, reducing crime, disease, and welfare costs are of record in every large city in the State. Our mayors, commissioners, councilmen, and the local housing authorities in these large cities are pleased with the relationship in all their dealings with the Federal Government through the Public Housing Administration. And I want to say right here it has been our good fortune to deal with an exceptionally able and highly qualified type of personnel in the Atlanta field office of the PHA. While they have zealously safeguarded the interests of the Government and have insisted upon scrupulous observance of the acts of Congress, they have recognized at all times the sovereignty of the local housing authority. They have refused to transgress upon the local prerogatives of the authority and the breath of scandal has never touched this agency. We hope this cordial relationship can be preserved. We think it would be a tragedy if this relationship should be disturbed.

NEED FOR RENTAL HOUSING

In the second place there has been a great need for rental housing in the county seat towns and the smaller communities. These towns have no slums comparable to the congested areas of our larger cities and they are not confronted with the same problems

of crime, disease, and fire hazards. There just hasn't been any housing built for rental purposes in these towns, to speak of, over the past 10 years or more. Meanwhile, there has been an unprecedented industrial expansion in the county seat towns and housing of any kind has been at a premium. The construction of low-rent housing projects in these towns will not only assure low-income families of a safe and sanitary place to live, it will provide a more stable labor supply for the communities and will enable families, who formerly had to be transported to and from work, to live near their places of employment and to contribute to the social and economic well-being of the community.

In the forthcoming study of the low-rent public housing program, we, of course, pledge our full cooperation. We know what the answer is bound to be if the study is objective and truth-searching. There is no subject that has been given a more thorough scrutiny than this matter of decent, safe, and sanitary housing for low-income families. And the answer has always been the same. It just can't be done without a subsidy any more than a city can retain its slums without a subsidy. It all boils down to who pays and who gets the subsidy.

The taxpayers of a city pay the subsidies for the slums and there is no escape from this concrete and unpleasant fact. The United States Municipal News, in March 1946, published a graphic chart on the cost of slums.

SLUMS AND CITY PROBLEMS

It revealed that while slums made up only 20 percent of the areas of cities, they accounted for 60 percent of all cases of tuberculosis, 55 percent of all cases of juvenile delinquency, 50 percent of all arrests, 45 percent of the major crimes, 45 percent of the city service costs, 35 percent of the fires, and 33 percent of the population.

Yet they paid only 6 percent of the tax revenues of the cities.

During the 4-year period of 1945 to 1949 there were hearings and reports on this matter of housing for low-income families on eight separate occasions by committees of the Congress. Four of these reports were from the Senate Committee on Banking and Currency.

Despite vigorous opposition by the real estate and builder groups there was, without exception, a favorable report on the public housing section of the general housing legislation under consideration. These hearings contain nearly 9,600 pages of printed testimony. You know the result. The Congress passed the Housing Act of 1949 and for the first time established a housing policy for the Nation. This act declared "that the general welfare and security of the Nation, and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family."

I think we can agree that a serious shortage of housing for those in the upper-income bracket has been remedied, but we are a long way from having realized the goal of a decent home and a suitable living environment for every American family.

SERIOUS HOUSING SHORTAGE

Reports for the latest quarter available (first quarter 1952) show that the average annual income of all families admitted to low-rent housing projects was only \$1,914 throughout the United States. The median

gross rent for these families, which includes the cost of all utilities, was \$32.

For the same period the average annual income of families admitted in the Atlanta field office area was \$1,735 and the median gross rent was \$27.

These are low-income families. They cannot afford to pay the rentals for privately owned standard housing. Without aid from the Federal Government and indirect subsidies of the cities they cannot have the decent home and the suitable living environment that the Congress has declared is the objective for every American family.

This is the conclusion reached in all of the numerous investigations that have been made. In our opinion any factfinding study of the future must reach this same conclusion.

THE LEAGUE: HOUSING'S FRIEND

In closing let me invite you to call upon the Alabama League of Municipalities if your housing program is threatened. We have stood with you in the years that are past and we shall stand with you in the future. The mayors, councilmen and commissioners of Alabama know the score. We are going forward in Alabama. We are going to clear out the slums in our large cities and redevelop them and build public housing on these sites. We know that decent housing for low-income families is dynamic democracy ready and willing to meet its responsibilities and that every public housing project in this State stands as a bulwark against communism or any other ism.

The United States is still a young country. It grows greater each year because our institutions are constantly adapting themselves to meet the changing needs of the people. A combination of geography, nature, initiative and inventiveness has taken us where we are and has protected us from the fate of people elsewhere. To the extent these needs can be met without Government assistance, so much the better. Where they cannot be met without Government aid it becomes the Government duty and responsibility to meet them. Otherwise through failure of the Government to make its institutions function to serve its peoples' needs, we shall invite the loss of the very liberties we prize.

Mr. SPARKMAN. I pointed out a few minutes ago that not one of the smaller cities or towns in my State would be able to qualify even for continuing the program it had already started before the cutoff date came. That also applies to most of the States of the Union. So a great gap is left. If this provision prevails, I doubt very seriously—and I think I am correct in making this assertion—that a single housing unit will be built under the new program anywhere throughout the South, which has been most active in providing better public housing for its citizens of both races. A higher percentage, I dare say of that housing has been built for Americans of the Negro race than for the whites.

I should like to point out that the head of the Alabama League of Municipalities and the mayors of towns in Alabama are not the only people who have gone strongly on record in recent months for the continuation of this worthy program.

I have here an endorsement from mayors of some of the largest and most important cities in America, including a statement which they prepared. I shall not take the time to read it, but I ask unanimous consent that it may be

printed at this point in the RECORD, as a part of my remarks.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

CITIES ENDORSING THE HOUSING STATEMENT FOR MAYORS

Cities and mayors: Atlanta, Ga., William B. Hartsfield; Baltimore, Md., Thomas D'Alesandro, Jr.; Buffalo, N. Y., Joseph Mruk; Denver, Colo., Quigg Newton; Kansas City, Mo., William E. Kemp; Knoxville, Tenn., George R. Dempster; Louisville, Ky., Charles P. Farnsley; Milwaukee, Wis., Frank P. Zeidler; Minneapolis, Minn., Eric G. Hoyer; Newark, N. J., Leo P. Carlin; New Orleans, La., deLesseps S. Morrison; New York City, N. Y., Robert F. Wagner; Philadelphia, Pa., Joseph S. Clark, Jr.; Pittsburgh, Pa., David L. Lawrence; Providence, R. I., Walter H. Reynolds; St. Louis, Mo., Raymond R. Tucker; San Francisco, Calif., Elmer E. Robinson; Seattle, Wash., Allan Pomeroy.

HOUSING STATEMENT FOR MAYORS

We, the mayors of 18 major American cities, are concerned with providing decent shelter for our citizens.

We are concerned with wiping out the blight of our slums.

We are deeply concerned with the housing program now pending before the Congress. We believe it falls far short of meeting America's housing needs. Investigation of reported scandals in Federal housing agencies cannot be permitted to kill the Housing Act of 1954. Federal assistance has made possible the inadequate progress made thus far in providing decent shelter for low-income groups and home ownership for many other American families. The Federal Government must continue to lead the fight against blight in our cities.

Every year there are about 900,000 additional households created in America. Moreover, about 300,000 housing units are demolished every year. This means that America requires about a million and a quarter new housing units every year, just to keep abreast of current needs alone. Over and above this, however, there is an enormous backlog of past housing needs that have never been fulfilled. Millions of families are living in crowded, unsanitary conditions. The housing census of 1950 revealed that there were 10 million nonfarm housing units classified as substandard. Even if we were now to embark on the task of rehabilitating or replacing a half million of these substandard houses every year, it would take us 20 years to complete the job.

Coupling current demands with the backlog of substandard housing, then, it is clear that America's minimum housing requirements total close to 2-million new housing units every year.

Yet the housing program now before the Congress is apparently based upon the meager goal of 1 million units a year. At this pace we will never meet America's minimum requirements. On the contrary, we will fall further and further behind in the job of providing decent shelter for all our citizens.

There is still another danger in this million-unit goal, it represents a decline from the level of housing construction the country has enjoyed over the past few years, and therefore may accelerate the present economic decline, rather than helping to reverse it. Ours is a growing country. Ours must be an expanding economy. We must plan for an expansion, not a shrinking of all types of economic activity.

A major portion of the housing program now before the Congress deals with the stimulation of housing construction by private industry. Although this portion of the program contains a number of constructive features, it also contains, we believe, crucial

weaknesses. As an example, the proposal for the building of \$7,600, and in some cases \$8,600, homes under a 40-year, 100 percent guaranteed mortgage will, we believe, turn out to be a fruitless one, since the lowest price at which homes are now being built for the average family (three bedrooms) is above this amount in most areas, particularly in the larger cities. Even if they were possible to build, the result would be a shoddy home of inferior design and construction, and would tend to become the future slums of the Nation.

Perhaps even more significant is the absence from the proposed Federal legislation of any effective program to meet the needs of those earning less than \$5,000 a year. Public housing at least holds the answer for the lowest income families, those with \$3,000 a year or less income. There is no realistic recognition of the problem facing our middle-income families, the \$3,000 to \$5,000 per year group. This group includes two-thirds of all urban American families. The liberalizing of FHA mortgage terms will leave home buying and monthly housing costs in a range still above the economic means of these families. Nor is there any guaranty that the private home financing industry will provide the necessary funds, particularly for existing houses, whether for long-term mortgages or for extensive rehabilitation. If private industry cannot reduce the cost of building and financing homes the Government must lead the way in bringing prices down for all houses, sale and rental, or we will be unable to check the continuing physical and economic deterioration of the country's housing plant.

In addition to the problem of stimulating private building, there is the urgent task of wiping out our slums—those breeding pots of disease and delinquency—and of providing decent shelter to those of our citizens whose incomes are low. When slums are removed, housing must be found for those displaced. The present legislation makes no adequate provision for meeting this requirement.

We are anxious to keep our cities self-reliant. We want to solve our own problems wherever possible without the help of the Federal Government. We recognize our responsibility to prevent the growth of slums through the enactment and enforcement of zoning, housing, building, fire, and sanitation codes. But Federal help is required to finance housing construction and slum clearance for two reasons.

First, the size of the housing job is out of range of the financial resources of the cities. The President's Advisory Committee on Housing estimated that it would require \$4.2 billion to remove all of the substandard dwelling units that existed in 1940 in 14 representative cities, which have slum clearance programs underway. This is 2½ times the combined total annual revenues of these 14 cities today.

Second, our cities' resources are limited by the fact that the Federal and State Governments have preempted most of the main sources of tax revenue.

Federal action, therefore, is a necessity if our housing problems are to be solved. Congress recognized this 5 years ago when it enacted the Housing Act of 1949 which authorized the Federal Government to undertake the task of slum clearance and public housing. That act represented a finding by the Congress that hundred of thousands of American families needed and were entitled to better housing, at prices and rents they could afford. One of the cosponsors of that act was the late Senator Taft.

Five years have passed. Due to the Korean emergency the program envisaged by Congress in 1949 was temporarily curtailed. Only one-fifth of the public housing pro-

vided for in the 1949 act has been completed or contracted for.

The need for slum-clearance and low-rent housing is far greater today than it was in 1949.

Yet Congress is now asked to provide only 35,000 units of public housing a year—less than the minimum of 50,000 units required by the Housing Act of 1949. Moreover, the House of Representatives has failed to authorize even this inadequate number of units. In view of the shortchanged number of public housing units which have been authorized up until now under the 1949 act, the Federal program should more appropriately be set at the maximum permitted—200,000 units per year. The act already authorizes expenditures to build up to a total of 810,000 public units.

The Congress appears determined to choke off the public housing program entirely on the grounds that they are not much improvement over slum areas. We cordially invite any Congressman who shares this view to visit the public housing projects that have been constructed to date in our various cities. We are confident they will be recognized as substantial contributions to better living conditions for fine American families.

To others, who oppose public housing on the ground that it is socialistic, we invite attention to a statement made on January 7, 1946, by the late Senator Taft. Speaking of Federal aid for public housing, Senator Taft said, "Such assistance is in line with Government activity in many other fields. Public housing is not socialism by any stretch of the imagination."

We look around us and see the housing in our cities aging and deteriorating, while at the same time our population grows and our housing needs increase.

This is the time for decisive action. Such action has to recognize the full scope of the problem. The program must not be too little and too late.

To us, it is unthinkable that the richest Nation in the world should be a poorly housed Nation. If America is to provide decent shelter for its citizens, and if our cities are to continue to prosper, it is imperative that the Congress reverse the crippling actions it has already taken and raise its sights far beyond the program it is now considering.

Mr. SPARKMAN. Of course, Mr. President, low-cost public housing is needed in America. It is, in fact, only a very small part of the total housing needs, but it is a very important part that is necessary if we are to have a well-rounded, complete housing program.

Perhaps the best recent study of the over-all housing needs was that made a few months ago by Dr. William L. C. Wheaton, of the University of Pennsylvania. I shall not take the time to relate in detail all his findings. I do commend the study to every Senator. I ask unanimous consent that there be printed in the RECORD at this point a summary of Dr. Wheaton's findings.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

A SUMMARY OF AMERICAN HOUSING NEEDS, 1955-70

Housing construction reached record levels during the 8 years after World War II. During the last 4 of these years, we built an average of 1.2 million homes a year, an achievement far exceeding previous 4-year construction levels. On the other hand, construction volume for the last 3 years was 20 percent below the peak of 1.4 million dwellings in 1950.

We clearly have a capacity to build from 1.5 to 2 million homes each year. Real

progress has been made in overcoming the great shortages of housing which accumulated during the war years. But little progress has been made toward eliminating the slums and substandard homes inhabited by millions of American families. We must reexamine our needs for housing in the light of these accomplishments and these deficiencies, and in the light of our vastly expanded capacity for production.

Future housing requirements must be estimated upon the assumption that the Nation will maintain full employment, will continue to expand its economy and that our population will grow in keeping with these conditions. It is further assumed that defense expenditures will not increase, that Federal aids for housing will continue and expand, and that the Nation will desire and be able to achieve our national goal of a decent home in a suitable living environment for every American family.

The 1950 census reveals that we have 15 million substandard homes. These homes do not measure up to reasonable American standards of living because they are dilapidated, are located in slum areas, or lack interior plumbing facilities. Ten million of these homes must be cleared and replaced. More than 4.6 million substandard units may be brought up to standard by rehabilitation and modernization. These needs are summarized in millions of dwellings, as follows:

	Total substandard	To be replaced	To be rehabilitated
Urban.....	8.9	6.9	2.0
Rural nonfarm.....	3.0	1.7	1.2
Farm.....	3.4	1.5	1.4
Total.....	15.3	10.1	4.6

¹ 500,000 additional farm dwellings to be abandoned.

Other housing needs arise from the formation of new families, undoubling of families which now lack separate homes, the migration of 3 million families each year, and the desire of many single persons for separate dwellings. In addition we must replace homes which are demolished by fire or other disaster, or are cleared in highway and other construction programs. Finally, many hundreds of thousands of units reach obsolescence each year. These must be replaced or our housing condition deteriorates.

The sum of these annual requirements may range from 1.3 million to 2.4 million units per year. If we replace the homes which were substandard in 1950 during the next 20 years and at the same time meet our annual new needs, we must build from 2 million to 2.4 million new homes per year as follows:

	1955-60	1960-65	1965-70
For additional households and vacancies.....	1.43	1.65	1.74
Replacement of substandard.....	.50	.50	.50
Replacement of annual losses.....	.10	.13	.16
Total new units needed each year.....	2.03	2.28	2.40

If we do not achieve this level of new construction, we will never be able to clear slums and eliminate substandard housing. Indeed at present levels of construction our present substandard units will never be replaced—and we will have more substandard housing in 1970 than we had in 1950. Even if we build 2 million units a year and rehabilitate 400,000 additional units each year, 5 million families will still be using in 1970 homes which were substandard in 1950.

New construction per year	Substandard dwellings remaining (millions)			
	1955	1960	1963	1970
1.2 to 1.4 million.....	15	14	15	17
1.4 to 1.6 million.....	15	13	13	14
1.6 to 1.8 million.....	15	12	10	9
2.0 to 2.4 million.....	15	10	7	5

These requirements arise because the number of new families being formed each year will rise sharply after 1960. Reasonable progress toward slum elimination requires construction of 2 million new homes per year from 1955 to 1960, with increases to 2.4 million by 1965-70. Lower rates of new construction imply a deterioration of our housing standards, or such low rates of replacement that slums will not be cleared during the next 2 generations.

With the rapid increases in gross national production which have occurred in recent years, the production of 2 million to 2.4 million homes a year is an economically feasible goal. If national output continues to grow at the rate of the last 25 years, we can achieve our housing goals even though we spend no more of our national income for housing than we have in the past. A decreasing proportion of our output could achieve these goals. Indeed, unless we can achieve and maintain a higher level of housing production, we will be unable to maintain full employment and an expanding economy.

Recent housing production has served predominantly those families in the upper income groups. Rapid increases in family incomes have made possible the continued sale of homes to these families. In the future, however, we must increasingly produce homes for middle and lower income groups. If we are to sustain a high level of housing construction, we must produce homes in the broad price class suggested below:

Rents or monthly purchase prices:

Nonfarm homes per year	
0 to \$30.....	520,000
\$30 to \$50.....	380,000
\$50 to \$75.....	300,000
\$75 and over.....	560,000

This suggests that approximately 1 million homes can be sold or rented each year under the systems of financing and Federal aids now available. About 600,000 additional units of private housing should be produced and financed annually to meet the needs of middle and lower income families who are not now able to afford new homes. More than 200,000 units of public housing are needed to meet the needs of low-income families. In addition, more than 200,000 units per year are needed by farm families to replace substandard units.

Mr. SPARKMAN. Mr. President, I wish to talk for a few minutes about another matter, relating to the housing needs of the country, and thus to the problem now before the Senate. I refer to the so-called 608's about which hearings are now being held, and about which so many headlines have been written in recent days.

The distinguished chairman of the committee, the Senator from Indiana [Mr. CAPEHART], a little while ago presented some statistics relating to indictment, prosecutions, convictions, and so forth, in connection with housing matters. I realize that he obtained the information quickly, over the telephone, I presume, but it would be most interesting to see a breakdown of the offenses and the dates when the indictments

were returned or the prosecutions were started. I would be most interested to see if any of them related to any of the matters about which we have been hearing so much, so far as the so-called 608's are concerned.

I pointed out before I entered into this discussion, and I wish to repeat, that bad as some of the abuses may have been under the section 608 program, the criminality has not been in connection with the housing laws. If there have been criminal deeds, I believe that in 99 cases out of 100, they will be found to have occurred under the tax laws and not under the housing laws.

If I may digress for a moment, while the chairman of the committee is on the floor, I wish to ask him a few questions, so that we may get the record straight with regard to two matters. I think the chairman will not have any difficulty in following me. One of them relates to the public-housing program. I had finished speaking about that, but I shall revert to it, if I may.

Mr. President, in the interest of time, I shall not read a statement which gives somewhat of a timetable of preparing for slum clearance and urban development, and also of low-rent housing, but I believe it would be helpful to anyone to read it. Therefore, I ask unanimous consent to have the statement printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

COORDINATION BETWEEN SLUM CLEARANCE AND URBAN REDEVELOPMENT AND LOW-RENT HOUSING PROJECTS

PROGRESS SCHEDULE OF SLUM CLEARANCE AND URBAN REDEVELOPMENT

A slum-clearance and urban-redevelopment program under title I is developed in the following stages:

Based on an application from the appropriate local body, a contract for advance is entered into by the Division of Slum Clearance and Urban Redevelopment. Under this contract, the local agency proceeds first with the preliminary planning of the project. Although this period has usually ranged from about 10 months to as many as 24 months, it is hoped that experience gained and new procedures will reduce the range to about 6 to 20 months with an average of about 12 months.

Upon satisfactory completion of preliminary planning, DSCUR issues an authorization to proceed with final planning, which permits the local agency to draw funds for the final planning of the project under its contract for advance. The usual period for final planning has ranged from about 12 to 24 months, but it is hoped that it can be reduced in the future to about 6 to 20 months and an average of 12 months.

Upon completion of the final planning, DSCUR enters into a contract for loan and grant and the project enters the development stage. Under this contract, the local body completes land appraisals and proceeds to purchase and clear the site and makes it ready for redevelopment. On the projects which have already passed through this stage, about 4 to 12 months have usually elapsed between the contract for loan and grant and the time when the first site occupants are displaced and in need of relocation housing. It is hoped that this period can also be reduced in the future.

The total period from the first contract for advance to the time when relocation housing is needed varies, as explained above, from about 26 to 60 months, depending on

the complexity of the project and other local conditions. It is hoped that this range will be reduced to about 16 to 52 months. These figures represent usual or typical projects. A considerable number of projects have and will fall below and above these ranges.

PROGRESS SCHEDULE OF LOW-RENT HOUSING PROJECTS

A low-rent housing program is developed in the following stages:

A preliminary loan contract is entered into between the local housing authority and the PHA. Under this contract, a site is selected and preliminary plans and estimates of cost are prepared leading up to the preparation of a development program. The time consumed in this stage may vary from 6 to 12 months.

Upon approval of the development program, the PHA enters into an annual contributions contract. Under this contract the local authority proceeds to acquire the site, prepares final plans and specifications, and takes bids as a basis for awarding construction contracts. The time required in this stage varies widely. In a simple vacant site, it may be as little as 6 months; in the case of a complicated slum site, it may run from 12 to 18 months, or even more.

On the basis of competitive bidding, the PHA authorizes the local authority to award the construction contract. From the time a construction contract is awarded until the first units are ready for occupancy, as little as 9 months may be consumed in a small and simple project, and this may run up to 15 or 18 months in a more complicated one. The time required for the entire process from preliminary loan until the time the project is ready for occupancy may thus vary from 21 to 48 months. There are now a number of projects for which PHA has made preliminary loan contracts, on which some or all of the preliminary planning has been completed. On such projects the time from preliminary loan contract to readiness for occupancy would run from about 18 to 45 months.

NEED FOR EARLY START FOR PUBLIC HOUSING PROJECTS

If public housing projects are to serve their intended function by being ready to receive families from urban redevelopment sites as soon as they are displaced, PHA should be authorized to enter into an annual contributions contract no later than the time at which DSCUR enters into a contract for advance. Even in the cases when PHA is ready, or almost ready, to enter into an annual contributions contract at the time that DSCUR enters into a contract for advance it will require unusual progress in order to be prepared to receive displaced families from an urban redevelopment project which proceeds with reasonable speed. When a preliminary contract stage is necessary in the development of public housing, it will be almost impossible for the public-housing project to be ready at a time which will not delay the redevelopment project, or in delaying its progress with resultant increases in overhead expenses, interest costs, etc. Under the language of the amendment adopted by the conferees tying public housing to title I projects, not even a preliminary loan contract could be entered into until a title I project is already in progress. Under Mr. Wolcott's interpretation in the House debate a preliminary contract could not be entered into until after completion of the final planning stage.

The number of title I projects in each major stage as of June 30, 1954, is as follows:

Stage:	Number
Preliminary planning.....	109
Final planning.....	103
Development stage.....	72

It is estimated that 77 projects (67 projects from the old title I program and 10 urban renewal projects under the Housing Act of 1954) will enter the development stage in fiscal year 1955.

Mr. SPARKMAN. Mr. President, I wish to return to the question about which I had something to say during the time the distinguished chairman had to be absent from the Chamber. It related to the statement which the distinguished Representative from Michigan, Mr. Wolcott, chairman of the House Committee on Banking and Currency, and vice chairman of the committee of conference, made when he presented the conference report to the House of Representatives. His statement appears at page 10514 of the CONGRESSIONAL RECORD of July 20, 1954, and is as follows:

A slum clearance or urban renewal or redevelopment project is not being carried out until at least the final plans have been approved by the Federal Government.

A few minutes ago I went somewhat through the process, and showed that if a public housing project is to be built on land which has buildings already on it, it will require probably as much as 3 years to go through the whole process; and even if the land is vacant, as much as 2 years will be required. In the light of that, it seems to me that when the distinguished Representative from Michigan was giving the interpretation which I have just read, he was really not expressing what the committee of conference actually had in mind when they agreed to the provision, but instead, was speaking more or less in generic terms.

I wonder if the distinguished chairman of the committee of conference would agree with me in that statement.

Mr. CAPEHART. I think the very practical aspects of the subject would require one to say that the terms in which Representative Wolcott was thinking, even in the preliminary stages, were that if it was definitely agreed that a project was going to be authorized—because, as the Senator says, it might well take 3 years—the tearing down of the houses might well be started, because it would be 2 or 3 years later before the project could be completed.

So, personally, my understanding was that such persons affected would be subject to public housing, if they could qualify in every other respect, when it was definitely decided that they would be displaced from their homes.

There was never any question in my mind, and I do not think there was any question in the mind of any other member of the conference, with respect to that understanding. I do not believe that the Senate conferees felt there was any other basis than the one I have just described.

Mr. SPARKMAN. I agree with the distinguished chairman. I should like to read a very brief statement, and ask the chairman if it is not what he understands the meaning to be. I may say it is what I understood to be the meaning when the committee of conference agreed to that proposal.

It is my belief that the language in question was intended to mean that a title I project "is being carried out" in

the community as soon as the first contract for a Federal advance under title I has been approved for that community, and that a public housing contract can thereupon be entered into.

Mr. CAPEHART. I think that is exactly correct—at least, in my own thinking and in my own mind. I believe that is what the committee felt they were agreeing to. At least, that is my opinion.

Mr. SPARKMAN. I thank the distinguished Senator. I wish to ask him one other question, in order to complete the RECORD on another point. It relates to some of the provisions which were written with respect to cooperatives. I am sure the distinguished Senator will remember that phrase of the matter. If the Senator is not clear about what I am referring to, I can read a brief statement prior thereto.

Mr. CAPEHART. I suggest that the Senator ask the question.

Mr. SPARKMAN. I wish to ask the chairman of the Committee on Banking and Currency whether he concurs in my understanding that the provisions of the new law would not be retroactive, so as to compel the reprocessing of cases which are covered by signed statements of eligibility which were issued by the FHA under existing law, where the FHA indicated it would be prepared to issue its commitment for insurance in stated amounts if certain prescribed conditions were met.

The mortgage commitments under signed statements of eligibility would thus stand. But this does not preclude, and indeed such would be most desirable, the requirement by administrative regulation of a certificate of actual cost, and the further requirement that any excess of the mortgage over actual cost be passed on to the consumer in lower downpayments, or be used to reduce the mortgage. Thus the fact that this bill is not retroactive as to cooperative projects already under signed statements of eligibility is not a protection for windfalls or mortgaging out.

I really had intended to ask a question conditioned upon the last statement. Let it be clearly understood that even though it is not restricted to the cooperative projects, where the processing already has been done, yet we do not intend to protect any windfalls or to make possible any windfalls under that provision.

Mr. CAPEHART. The able Senator is 1,000 percent correct. We do not intend to protect or to countenance any windfalls in any of the titles, and certainly not under title XIII, which is the cooperative title.

Mr. SPARKMAN. Does the Senator from Indiana agree with the other statement I made, that even though we do not intend to protect any windfalls, still we do not intend to require reprocessing of those projects which have already been processed under the cooperative arrangement?

Mr. CAPEHART. I think that is correct.

Mr. SPARKMAN. I thank the distinguished Senator for helping to clarify the record.

I wish to speak a little about the 608's. I shall not take much time. I have some remarks prepared, but since the time is passing, I wish to contribute to the expeditious handling of the report.

I desire to call attention to a few of the factors which made the section 608 program necessary. It is easy for us to stand here now and condemn the program. Yet when it was written into the law, it was done because it was felt that it was necessary to do so. It was done in order to encourage people to build rental units.

When the war ended, millions of veterans were searching for places to live. They were seeking any places which would enable them and their families to enjoy decent shelter while they went about the business of obtaining new employment.

What made the postwar section 608 program necessary?

Let us take a look back in history. When the war ended there were millions of veterans searching for a place to live, any place that would enable them and their families to enjoy decent shelter while they went about the business of becoming again a normal part of the civilian community. Underbuilding during the depression years and practically a cessation of homebuilding during the war years meant that we were ill-prepared to take care of the housing problems of these veterans when the war ended. By 1945, homebuilding had fallen to slightly over 200,000 a year.

A survey made by the Census Bureau in early 1946 showed that of the 11 million veterans discharged by that time, 4 million wanted and needed new housing accommodations within a year, 2.2 million of them wanting the housing immediately. And half of the veterans then wanting housing, wanted to rent rather than buy.

Look at the statistics of home building then to see how ill-prepared we were to handle these needs in 1946. Not only had home building of all kinds fallen off sharply by 1946, but the rental portion of even that small amount had fallen even more; in the 1920's rental housing made up about 40 percent of all new building, in the 1930's about 22 percent, in the war years about 17 percent, and in 1945 and 1946 only about 11 percent. Think of it. Only 11 percent at a time when about 50 percent of the homeseeking veterans needed rental housing. And in 1945, when the war ended, we were producing only 208,000 dwelling units of all kinds, and of these only 22,000 were rental units.

So, in order to help these veterans in a time of real emergency we borrowed from the very successful wartime practices, and undertook a program of liberal credit aids to private rental housing, a program intended to get builders and developers into rental housing who would not otherwise have undertaken it, and to get the few builders then doing rental housing to expand their operations. This was the section 608 program.

Let us look at what Senator Robert A. Taft, then majority leader of the Senate, said of this program on the Senate floor on August 6, 1948, after it had been in operation for 2 years:

The other main defect in the housing program has been difficulty in getting anybody to build houses for rental. * * * There was practically no success under title II. * * * So we have decided to continue 608, hoping it will encourage the building of rental housing. (From the CONGRESSIONAL RECORD of August 6, 1948.)

LEGISLATIVE BACKGROUND OF THE 608 PROGRAM

The Congress, to its credit, early recognized the housing crisis, and the need of liberal legislation which would bring a greater number of builders, particularly sales housing and small builders, into the rental field. It was recognized that many builders would have been either unable or unwilling to enter the rental field if a considerable sum of risk capital were necessary.

On 10 separate occasions between 1946 and 1950, the Congress considered and enacted legislation pertaining to the 608 program. Our legislative records are replete with information about section 608. On its face, the original bill, the Veterans Emergency Housing Act of 1946, contemplated that the typical builder need invest little more than his profit and fees. From its very inception, the Congress was aware of liberality of the law and that projects might be built with little equity investment. Let me quote some pertinent extracts from the hearings and the debates.

Senate Report No. 1130, 79th Congress, to accompany H. R. 4761, April 5, 1946, page 8, H. R. 4761, the Veterans' Emergency Housing Act of 1946 had been unanimously reported to the Senate by the Banking and Currency Committee:

The bill provides for the minimum indispensable first things which must be done to solve the critical problem of housing for veterans of World War II.

The bill contains an adaptation of title VI of the National Housing Act, used during the war for war workers, so as to stimulate the expansion of privately financed housing with mortgage insurance under current conditions and with priority of use for veterans and their families.

Since a main purpose of these provisions is to reduce the risks assumed by builders in order to encourage a large volume of housing, the committee calls special attention to the fact that this portion of the bill places emphasis upon rental housing. It is the specific intent of the committee that those in charge of the program shall make every reasonable effort to obtain a substantial volume of rental housing—or in any event housing held for rental during the emergency—through the operation of title VI, both with respect to multifamily units and individual units.

In hearings before a subcommittee of the Committee on Banking and Currency—of which subcommittee I may say I was chairman—United States Senate, 81st Congress, on S. 2246, Housing Amendments of 1949, July 26–29, 1949, pages 443–449, the Senator from Louisiana [Mr. Long] made the following statement after questioning housing officials at length about FHA's administration of section 608 and the possibility of builders financing 608 rental housing with little or no investment, page 443:

I want to say right here now that frankly I believe this project was intended to be extremely profitable to builders; and that the purpose was based on the American tradition that if you want to get a job done, if you will show American businessmen where

they can make a hefty profit, they will really get out there and do you a job.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. I am sure the Senator from Alabama does not want to convey the impression that the Senator from Louisiana [Mr. LONG] looked with approval on the provisions of section 608? The facts are that the Senator from Louisiana was the first Member of this body to expose the abuses of section 608, and made a fight in committee and on the floor against those abuses. I am sure the Senator from Alabama does not wish to convey the impression that the Senator from Louisiana was an apologist for section 608.

Mr. SPARKMAN. Not at all. As a matter of fact, I certainly intended to say something later about the activities of the distinguished Senator from Louisiana. They were not confined to a single item, but were broad in scope. By the way, the Senator from Louisiana was a member of that committee and he repeatedly tried to get corrective legislation. I certainly was not pointing this out to indicate that he approved bad practices, but rather that he recognized the reality of the situation; that there had to be some kind of profit incentive to get houses built. The Senator never departed from that view; but all the way through he felt that there ought to be safeguards to prevent the things we are talking about so much today, the windfalls.

It seems to me to be rather strange, since mention is made of the Senator from Louisiana that so many people seem to regard this as something new. For instance, the question of the builders' fees and architects' fees was discussed in our subcommittee and the whole committee and on the floor of the Senate many, many times.

I may remind the Senator from Illinois that the Senate actually wrote into its version of the housing bill some amendments to take care of the situation, but they were knocked out in conference. At least once I know the Senate adopted such an amendment.

Something has been said about actual cost and estimated cost. We thrashed those questions out many times in the committee, and because of the urge to get housing and the difficulty of determining the actual cost, we are the ones who wrote into the law that the estimated cost should be the basis, not the cost of a particular bulider for a particular project, but the cost of a typical builder engaged in that type of building.

I do not remember the exact language, but it was written in that way. In other words, if Mr. Jones was building a project, the FHA was not required to try to make an exact estimate of what Mr. Jones would build it for; but if Mr. Smith was a typical builder, the estimate was to be based on his costs. That is the way the question of the architect's fee and the contractor's fee was handled. Instead of asking a contractor what he was going to pay, he was simply given the liberty of writing in what a typical builder would be expected to pay.

I have stated frequently, and the Senator from Illinois has heard me say in committee, that if there is blame, certainly the Congress of the United States cannot throw it off lightly by having something to say about it 4 or 5 years later, because it was known in the committee and on the floor of the Senate and in the other body, and we allowed it to continue.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Illinois.

Mr. DOUGLAS. The Senator from Illinois recognizes the great contribution to good housing that the Senator from Alabama has consistently made, and which he is exemplifying by the very courageous speech which he has made criticising some of the features of the conference report on the present bill. But I am sure he will permit the Senator from Illinois to say that the Senator from Illinois never intended to have a housing act which would permit a mortgage greatly to exceed the actual cost of construction.

That was the fault of the apartment house and hotel construction of the late 1920's, much of it associated with the banking name of S. W. Strauss. When the depression came and the storms descended, it was found that the bonds which had been issued and sold were vastly in excess of the value of the property, and in many cases had been in excess of the actual cost of the property.

I can understand the argument that the contribution of the initiators and promoters of a project should be in the form of a builder's fee, an architect's fee, and a lawyer's fee to absorb the supposed 10 percent, or difference between the 90 percent guaranty and the cost. But where a mortgage is vastly in excess of cost, there I think there exists a situation which is extremely difficult to defend. So far as the Senator from Illinois is concerned, he has never believed that mortgages should be permitted to exceed cost. I have thought that the profit which would be made from the enterprise would come from either the sale or the rental of the housing, but not from having a Government guaranteed mortgage which was 10, 20, 30, or 40 percent in excess of the actual cost of construction.

I want to assure the Senator from Alabama that if the Senator from Illinois had known of that, he would have voted against the bill. In fact, on two occasions the Senator from Louisiana and I tried to require an actual statement of cost, and we tried, when we became aware of the abuses in the 608 program, to use the ax and terminate that program at the earliest possible date.

I make this statement for the sake of the RECORD, because I know the Senator from Alabama, with his fine sense of social responsibility, does not want to make the plea that mortgages should appreciably exceed costs.

Mr. SPARKMAN. No; and, of course, the Senator from Illinois realizes that I had given only one simple quotation.

Mr. DOUGLAS. I understand.

Mr. SPARKMAN. Certainly I do not condone the practice which we allowed to develop, and I want to emphasize the words "which we allowed to develop."

Mr. DOUGLAS. As I remember, the testimony of the Federal Housing Administration authorities, of the real-estate bankers, and of the real-estate agents, was all to the effect that those abuses did not exist and could not exist. I think the chairman of the committee is correct in saying that the Members of Congress were not told the truth about what was going on. While I think we may have been somewhat delinquent in not fashioning a tighter law, I do not think we in Congress should be expected to assume the sole responsibility.

I had a colloquy this afternoon with the Senator from Indiana, in which I contended that there was some guilt attached to Congress; but I do not think the exclusive guilt should be attached to Congress.

Mr. SPARKMAN. May I say to the distinguished Senator from Illinois that I never said that?

Mr. DOUGLAS. I know; but I thought possibly that was the general drift or emphasis of the statement which the Senator from Alabama was making.

Mr. SPARKMAN. No. I shall state the point I wanted to make now. Since the comprehensive Housing Act of 1949 was enacted into law, or going back to 1946, when section 608 was enacted into law, for the purpose of encouraging persons to build rental units, a remarkable job has been done in getting housing constructed. A few of the promoters, a few of those who have entered into the field, engaged in bad practice. When I say a "few," I mean a relatively few, because we have a great army of housing builders and home builders in this country, people who are tradesmen, who do the job. When we consider the vast number of persons in the field, and then consider the number who have indulged in those bad practices, it is a relatively small number. Yet a stigma has been thrown over the whole industry of home builders.

Let me give my colleague an example. In my State I do not know how many 608's were built, but there were a great many. Does the Senator know how many were mortgaged out? One, which involved \$29,000, and the money was never even taken out as a dividend. The money stayed in the corporation. Why should every person in my State, and in every other State, who built section 608 houses be smeared with the charge that everybody who engaged in such construction was bad? That is my only concern.

Let us go after those who are crooks, and punish them. But at the same time let us not lose sight of the tremendous job that has been done in the building of houses in which Americans make their homes.

Mr. President, at this point I should like to emphasize again the statement made by the distinguished Senator from Illinois regarding the activity of the very able Senator from Louisiana in ferreting out this practice. I did some of that ferreting myself. As a matter of fact, when the distinguished chairman opened

the hearings, he quoted from some of the hearings at which I had presided, in which I interrogated very thoroughly the person who was then president of the National Home Builders Association. I recall that we had evidence of mortgaging out up to 120 percent. I think that was the most we found up to that time, but I think the distinguished chairman of the committee has found cases that go well above that amount. The president of that organization said it was not possible. A lot of them testified it was not. But time after time we did consider the fact that for the builder's fee and the architect's fee a flat allowance was made in every one of those contracts. When the distinguished Senator from Louisiana tried to decrease it from 5 to 2 percent, or even to 3 percent, his amendment was rejected.

Finally, Mr. President, we should keep a proper perspective in this matter, and remember the excellent job that has been done in providing homes for Americans.

I particularly should like to address the remarks I am about to make to the attention of the distinguished senior Senator from Virginia and other members of the committee who may be present in the Senate. It is a statement I have made many times previously. The criminality has resulted almost exclusively, in my opinion, because of loopholes in the tax laws or in tax evasion, rather than in violation of any part of the housing law.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Virginia.

Mr. BYRD. The loophole respecting capital gains has been remedied in the pending bill.

Mr. SPARKMAN. The Senator is correct. That is the reason why I said either evasion or loopholes, because I am afraid in many instances we are going to find a loophole existed and that they were tax free.

Mr. CAPEHART. I think the Senator stated the law containing section 608 was passed in 1946.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. I think if the Senator will look up the record he will find the bill was passed in 1942 rather than 1946.

Mr. SPARKMAN. The Senator is right, but my recollection is that it was rewritten in 1946, so as to give that impetus.

Mr. CAPEHART. I think it was revitalized.

Mr. SPARKMAN. That is correct. It was extended in 1948 and cut off in 1950.

Mr. CAPEHART. The Senator made reference to 5 percent architect's fees and 5 percent builder's fees. If a person who was his own builder was allowed 5 percent architect's fees and 5 percent builder's fees and did the work himself, he would have the equivalent of a 100-percent mortgage, because he is entitled to 90 percent under the law. If it came out exactly even he would have practically a 100-percent mortgage. We have not been so much concerned about that. I do not think Congress ever intended that they should do it, but we have not been so much concerned about that. We

have been concerned with those who have been getting over 100 percent. There are many of them.

Mr. SPARKMAN. I want to say to the able chairman—

Mr. CAPEHART. There are many cases, likewise, where when the project was finished it was less than 90 percent. In all fairness we must say that.

Mr. SPARKMAN. Yes.

Mr. CAPEHART. My point is that it became a great promotion.

Mr. SPARKMAN. I think we made it so liberal—

Mr. CAPEHART. I do not think that Congress did it. I think the administration did it.

Mr. SPARKMAN. It became a promotional matter.

Mr. CAPEHART. Those who ran it made a great promotion out of it. They went out to sell the idea, just as anyone would go out to sell merchandise. They were telling people how to get into this thing without investing any money at all. I suspect that in many instances they were showing them how to make a little pocket money without having any money invested in the project at all.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. Is it not a fact that if the agency had been headed by a man who was as able and efficient and honest as the housing expert of the Committee on Banking and Currency, Joe McMurray, many of these things would not have happened?

Mr. SPARKMAN. I certainly agree with the distinguished Senator from Virginia. By the way, I may say to the Senator that before proceeding with these remarks I had a few words to say about our losing Joe McMurray. Let me say that I am not sure that it has been stated definitely what his job is to be. It is my understanding that he is to be the executive director for housing for the entire city of New York. That is a big job and a big responsibility.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. I told the mayor of New York several months ago, when I learned of the proposed employment of our housing expert, that I congratulated him on getting a man like Joe McMurray, but I hated to lose him from the Committee on Banking and Currency.

Mr. SPARKMAN. I agree with the able Senator from Virginia.

Mr. President, I have a few more pages to read. However, I do not intend to take the time of the Senate. Instead, I ask unanimous consent that the remainder of my remarks be printed as a statement at this point in the RECORD.

Their being no objection, the remainder of Mr. SPARKMAN's address was ordered to be printed in the RECORD, as follows:

The Senator from Ohio [Mr. BRICKER] interjected at this point (p. 443):

"I brought this thing up 2 years ago, the very same thing, and tried to write a protective section into the law. I was not very successful at it because it is a very difficult thing to do, to tell you the truth about it."

This was during a Republican Congress.

Senate Report No. 892, 81st Congress, to accompany S. 2246, housing amendments of 1949, August 11, 1949 (pp. 16-17):

"The extension of section 608 recognized the continuing urgent need for rental housing which justified special incentives for its construction. There is no question that this need continues. The present rate of rental housing construction is clearly inadequate to meet the need.

"Your committee has added an amendment to section 116 of the bill which would reduce the maximum ratio of mortgage amount to necessary current cost under section 608 from 90 to 80 percent. It was brought to the attention of your committee that FHA, in estimating necessary current cost under section 608, includes percentages for architects' fees, contractors' overhead, and items which, in many instances permit the approved 90-percent mortgage to exceed the builders' actual costs. A proposal was made to your committee that the bill include limitations as to the maximum amounts which could be included for these specific items. After studying this matter, your committee rejected the proposal because of the administrative and other difficulties which would be involved. In place of this, the amendment now contained in section 116 (a) was added." (The House of Representatives refused to accept the proposed change from 90 to 80 percent and the change was never enacted—Conference on section 608, Report of the Committee on Banking and Currency, U. S. Senate, 81st Congress, upon section 608, Feb. 28, 1950, p. 8.)

In hearings before a subcommittee of the Committee on Banking and Currency, United States Senate, on July 26, 1949, the committee was informed in response to a direct question as to whether 608 projects could be constructed for less than the amount of the loans that—

"In the nature of the operation it is possible * * *.

"Actually, the title VI operation was an emergency type of operation originally established in the war period, just before the war, in the defense period, to meet a special emergency of need for housing, and fast (p. 395).

"We believe fundamentally that the valuation method in all of the insured operation is by far the better approach, using the long-term economic value, rather than necessary current replacement costs. The language varied from time to time in that respect (p. 395).

"* * * we realize the dangers that you refer to; they are inherent in it.

"* * * the same question arose here very pointedly in connection with the debate on the military housing bill recently. The bill was drafted on the basis of 95 percent for a title VI type of operation. That was strongly recommended by various groups and, in fact, was to some extent supported by the military who, of course, are very anxious to get this housing.

"We strenuously opposed it at that time and opposed it again in the other House, for the very reasons which you have in mind, that particularly since we have to make a cost estimation long in advance of the actual probable incurrence of those costs, certainly it is long in advance of the completion of the structure. It is the best estimate the Commissioner can make in advance of what will be the costs. We make a commitment on that basis. There is no exact science of cost estimation, particularly so far in advance.

"Even if there were, with respect to one builder, you have a variety of situations, efficiency, and so on, so that the same set of costs might not necessarily apply to another.

"So, inherent in it is the kind of danger you speak of."

And again in the conference on section 608, report of the Committee on Banking and Currency, United States Senate, 81st Congress, February 28, 1950, in response to question from the committee as to how much equity investment had been made by builders of section 608 projects, the Housing Administrator replied:

"In many cases they do put in an investment. It is possible, as we pointed out in testimony a number of times in the past, for there to be an excess of the mortgage amount, based on estimated costs, over actual costs because, as pointed out, there is an impossibility of projecting 6, 8, or 12 months in advance and estimating exactly what the costs are going to be. We do not think such an excess is usual. There is no question, however, that there is greater risk involved in these rental projects under section 608 than in the regular cases. * * * The considerations that would necessarily follow, of course, are the reasons we have stated, why we do not recommend extension of section 608."

We have attempted to write safeguards into the legislation now before the Senate. I sincerely hope that they will prove to be more effective than other safeguards that we have written into housing legislation. It may very well be, though, that we shall continue to be vexed with the problem of writing in adequate safeguards to protect home consumers and at the same time deal fairly with home producers.

What did the 608 program accomplish? The program became effective on May 22, 1946, in a law which continued and expanded a small wartime 608 program. The last commitment under the program was issued on March 1, 1950. Under the 608 program, 465,480 privately built rental units were provided in 7,046 projects, the mortgages on which were insured for a total of about \$3.4 billion. These projects were built in all 48 States, the District of Columbia, Alaska, Hawaii, and Puerto Rico. During this same period of time private rental housing went from its wartime lows up to as high as an average of 160,000 in 1949 and 1950. In 1950, more than four-fifths of these were section 608's.

The 608 program broke the back of the postwar rental housing shortage. It provided good rental housing quickly to meet the needs of our returning veterans. The 430,000 units it provided after 1946 (35,000 units were provided under similar legislation during the war) meant a quick and almost incredibly large response to the Government program designed to provide rental housing. It was undoubtedly one of the most successful of all Government housing programs. It brought the rental-housing percentage of all new units up to as high as 20 percent by 1949. Today, without 608, it has fallen to 12 percent, almost as low as it was when the 608 program started.

The 608 program helped the American people to meet their obligations to the returning servicemen. It helped meet the needs of a vast number of returning servicemen and their families who would otherwise not have been adequately housed. Without the housing provided thereby, we would not only have a continuance of the serious housing emergency that confronted us on war's end, but the few new rentals built would have been at prices far beyond the reach of the average veteran, and we would still be plagued with a severe housing shortage. Moreover, if we had not been able to increase the supply of rental housing during a period of very heavy demand, the normal operations of supply and demand would have meant zooming prices on all new rental housing.

The rents on postwar rental housing were certainly lower than they would have been without the 608 program. In 1950, the typical or median 608 unit had 4.1 rooms and had rental of \$81.12. Rentals in new non-608's

built at the time were undoubtedly higher, because developers and equity investors, such as the life insurance companies, undertaking such non-FHA projects at that time were aiming at higher income groups than those for which 608's were undertaken. In the few cases where they may have been aiming at about the same market, rents were lower because FHA set the rents.

As an illustration of this, compare two projects of practically similar design by the same developer both built around 1951 in the Philadelphia area. One of them was built under FHA section 608, the other conventionally financed by a large life insurance company with an uninsured mortgage. In the FHA project, the rents are on the average nearly \$2 per room per month less than on the conventional projects. And the developer states that he could probably get, at going rentals in the area for comparable housing, about \$10 more per unit per month than FHA will allow, but the project is still subject to FHA control.

Incidentally, compare the typical \$80 to \$85 a month rent on the section 608—rentals still largely in effect—with the typical rent on section 207 projects insured in 1953, which was \$110.65 with a medium size unit of 4.3 rooms.

The 608 program did this job at no cost to the taxpayer. Under the 608 program, mortgages were insured on 7,046 projects for a total of \$3.4 billion. As of May 31, 1954, some 6,507 of these mortgages were still in force and FHA's insurance outstanding had decreased to about \$3 billion. Of the original mortgages, 264 have been prepaid before the due date (rents on the 20,000 units covered by these prepaid mortgages, no longer subject to FHA control had undoubtedly risen.) Six of the original mortgages were withdrawn and FHA has had to make good on its insurance contracts for 291 projects, or about 4 percent of the total mortgages written.

However, all this time, insurance premiums from going projects have been used not only to pay a proper portion of FHA's operating expenses (the FHA operates at no expense to the taxpayer) but also to build up a War Housing Insurance Fund, from which FHA meets all the costs incurred in taking over projects. As of May 31, 1954, this fund had an earned surplus of \$130,721,801. During fiscal 1953 this fund received \$28 million income.

By May 31, 1954, FHA had sold 41 of the projects it had taken over, at a cost to the war housing insurance fund reserves of nearly \$1 million. But up until May the sales of such projects had resulted in a net profit to the fund; at the end of February 1954 net profit from sales was \$127,000, in April a net profit of about \$6,000 was still shown; but in May the new FHA Commissioner sold 5 projects at a cost to reserves of over \$1 million.

It may be in order to ask why these projects were sold at this time, at such prices, when experience up until May, has shown that it is possible to dispose of the projects at a profit.

FHA is managing the remaining 250 projects which it has taken over. It can continue to manage these, and place them on a sound basis, and then offer them for sale. This method enables them not only to put the projects back on a paying basis where poor management may have led them into difficulties, but also to hold them from the market until a favorable time occurs for sale.

The insurance liability is already down nearly \$400 million. The average mortgage on a 608 dwelling unit, originally about \$7,600, is now about \$7,100. Every year, the insurance exposure gets smaller and smaller and the insurance dollar reserves get larger and larger. So far, the program has not cost the taxpayers a penny, nor is it likely that it will.

This is truly a remarkable aspect of the story and yet one which has been given little publicity. Here, a housing program which did so much for the servicemen during the most extensive housing shortage in our history, done with credit aid supplied by the Federal Government and yet built by private builders—and at no cost to the Federal Government. It is well to remember the extent and seriousness of that housing shortage. It is well to remember that during that time we were willing to spend, and did spend, a vast sum merely to provide temporary shelter at public expense for returning servicemen.

To get emergency housing for these returning servicemen the Federal Government expended \$489.1 million for reused temporary war housing, trailers, and quonset huts. All of this housing was regarded as expendable and was intended to be removed at the end of the emergency—a direct expenditure of nearly half a billion dollars to meet these emergency needs in what was really inadequate housing (it provided for 262,000 accommodations, some of them single person dormitory units) as compared with no expenditure for the permanent housing provided under 608.

It is true that some builders have made very high profits under the 608 program. So far in the hearings that have been held by the Senate Banking and Currency Committee, the evidence has pointed to high profits rather than to law violations.

Furthermore, if there have been law violations, the indication is that they have been of the tax laws rather than any housing law. In fact, the real weakness of this whole thing has been the use of loopholes in the tax law rather than abuse of the housing laws. Such violations when disclosed should of course be strictly dealt with. However, so far what we have seen is that a number of builders among the thousands who have built 608's took advantage of the situation to make high profits.

They did this in many cases in perfectly legal ways: for example, by undertaking to do the construction themselves, rather than hiring contractors, and thus retaining the fee they might otherwise have spent for the contractor; by taking full allowances for architectural and engineering fees even though fees paid out amounted to less; by completing the project for occupancy in a shorter time than contemplated under their FHA agreement, and receiving rentals from occupied units for a period of time before they were required to start making mortgage payments; by getting credit for the value of the land in the developed project, rather than the raw-land figure at which they may have purchased it; by building more efficiently than the so-called "typical" builder on the basis of whose operations allowable costs were established; and in other ways.

It so happens that I was one of those Democratic Senators who early recognized the loopholes in that law. Other Senators, as I have pointed out, recognized these loopholes. And, as I have also pointed out, constant efforts have been made to close them. In fact, all these efforts, many of them unsuccessful, eventually contributed to the abolition of section 608 by the 1950 Democratic Congress.

At this point, too, I should like to mention that one of the primary purposes of the middle income housing bill of 1950 was not only to help provide housing for middle income groups but also to cut down on the needs of the 608 program. I feel confident that, had the measure passed, it would have served these purposes. It would also, through indirect pressure, have brought about reduced mortgage amounts for 608's.

Mr. President, these are matters of history—of indisputed, incontrovertible fact. Here we have a program designed to aid the veteran to get rental housing, which did

that very thing more successfully than we had ever hoped, which broke the back of the most severe housing shortage in our history, which provided adequate housing at reasonable rents—at lower rents than they could otherwise have been provided, which provided the housing at a time when no other device could have succeeded, and which did it without using 1 cent of Government money.

Mr. President, these are facts which we tend to forget in the heat of the moment, which tend to get overlooked. Now it has become politically useful—politically desirable—to attack this program of the past, and to attack it in a context which utterly ignores the serious and critical nature of the problems we were then confronting in housing our returning servicemen. It is being criticized and condemned, not because it did not do the job it set out to do—a job which the then Republican leader of the Senate, Senator Robert A. Taft, said could not be done in any other way. It is not being condemned because it did not provide the needed housing and at reasonable rentals. It is being condemned and vilified even though it did do that very job of providing the housing. It is being condemned solely because some private builders made profits in building the housing.

Now it is being said that even though this program did not cost the taxpayers one penny, nevertheless, the high profits to some of the builders will come out of the pockets of those who pay the rents. This may be true. Nevertheless, those who pay these rents would undoubtedly have had to pay much higher rents and had far less satisfactory housing accommodations available for them if it had not been for the 608 program.

Without trying to make any case for such excess profits, I maintain that the program kept rentals far lower than they would have been in this period of shortage without the 608 program. The coming into existence of this vast addition to the supply of well over 400,000 additional units was one of the important factors which kept rents as low as they were in this period. Moreover, with rare exceptions, very little private rental housing was undertaken in the postwar period for income groups represented by these veterans. Much of the insurance-company housing, for example, was aimed at higher income markets.

INTEREST RATES AND HOUSING

And speaking of the concern for the pocketbooks of the consuming public, it is of considerable interest to look at the interest rates paid on housing loans by the American homeowner. Prior to the existence of the FHA and other housing-aid measures undertaken in the thirties, first mortgages were usually written at high-interest rates for limited maturities from half to two-thirds of value; the average borrower was often forced to take out a second and often a third mortgage to cover his total requirements.

Fees or discounts were usually charged for making these loans and there were multiple charges for title examination, recording, etc. With most loans coming due in a relatively short time, and with lump-sum payments required, rather than the level amortization practice now so universal, frequent renewals were necessary for each loan, and each renewal called for more fees and charges.

It is very difficult to calculate the savings to the home-buying public during the past 20 years by all the changes that have been brought about in these home-financing practices. Let us examine merely the interest rate aspect of it. Interest rates in the twenties and early thirties were about 6 percent or higher for first mortgages. According to the Census of 1950, the median interest rate on all such loans was 5 percent. We have at this time a home-mortgage debt well in

excess of \$60 billion, all of it incurred in the past 2 decades. Think of it. This at least 1-percent decline in interest rates now means a savings to the home buyer of at least \$600 million a year, of between \$3 and \$4 billion in the postwar years alone.

Last year, in April, the Treasury introduced a new Government bond issue with an interest rate of $3\frac{1}{4}$ percent, or one-half percent higher than the going Government bond rate. What happened to the home-mortgage market is well known; not only were there increases of one-fourth percent on FHA and one-half percent on VA mortgages, but in general interest rates on all mortgages went up. On the approximately \$12 billion in home mortgages recorded in 1953 after this change in interest rates occurred, this would amount to an additional charge to the home buyer of approximately \$40 to \$50 million a year for the life of the mortgages. This added to the new mortgages coming in each year will soon catapult the American home buyer or tenant into an additional annual cost for shelter of one-half billion and more dollars.

These are real costs and, as I pointed out in a speech on the Senate floor in May 1953, they are unnecessary costs.

This does not include, of course, the additional cost to the taxpayer of a higher interest rate on the Treasury bond issue—higher than needed to bring the money forth (the bond is now selling at a 10-point premium); the cost to the farmer of higher credit rates, or the cost to anybody who buys an auto, or a home appliance, or clothes, or anything else on the installment plan.

While there is some evidence that the fiscal authorities of the Government have recognized the error of their ways, and mortgage credit has become somewhat easier in recent months, nevertheless, the rates charged on FHA and VA remain where they were pegged last May 1953, and these in turn both influence and reflect general housing mortgage market rates, just as the FHA rate, in the past 20 years had so important an influence on overall home mortgage rates.

If rates continue at the higher level, this would mean an additional \$75 million to \$100 million per year on this year's mortgage volume to come out of the pocket of the homeowner just for the mortgages on homes purchased this year.

This situation, I submit to you, Mr. President, is really an alarming one, this additional cost saddled on the American public, yet I have heard of no tears being shed for the millions of American being fleeced each year for unnecessary higher interest costs of tens of millions of dollars.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. SMATHERS. Mr. President, will the able chairman yield so that I may ask a question of him?

Mr. CAPEHART. I yield.

Mr. SMATHERS. I call the able chairman's attention to that paragraph on page 23 of the conference report where reference is made to tourist areas. With respect to section 603 and 608 projects is it the Senator's understanding that a tourist area in Florida would include the whole State of Florida?

Mr. CAPEHART. I would think that the State of Florida would be considered a tourist area. I would say so.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Several Senators requested the yeas and nays.

The yeas and nays were ordered.

Mr. MAYBANK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAYBANK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CARLSON in the chair). Without objection, it is so ordered.

The question is on agreeing to the conference report. The yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL], the senior Senator from North Dakota [Mr. LANGER], the junior Senator from Wisconsin [Mr. MCCARTHY], the Senator from New Jersey [Mr. SMITH], the senior senator from Wisconsin [Mr. WILEY], and the junior Senator from North Dakota [Mr. YOUNG] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Delaware [Mr. FREAR], the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Nevada [Mr. MCCARRAN], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I announce further that on this vote the Senator from Delaware [Mr. FREAR] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Delaware would vote "yea," and the Senator from Tennessee would vote "nay."

I announce also that on this vote the Senator from Iowa [Mr. GILLETTE] is paired with the Senator from Massachusetts [Mr. KENNEDY]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Massachusetts would vote "nay."

I announce that the Senator from Oregon [Mr. MORSE] is necessarily absent, and if present would vote "nay."

The result was announced—yeas 59, nays 21, as follows:

YEAS—59

Aiken	Ervin	Maybank
Anderson	Ferguson	Millikin
Barrett	Goldwater	Monroney
Bennett	Gore	Mundt
Bowring	Hayden	Neely
Bricker	Hendrickson	Pastore
Bridges	Hennings	Payne
Bush	Hickenlooper	Potter
Butler	Holland	Purtell
Capehart	Jenner	Reynolds
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Schoeppel
Chavez	Johnston, S. C.	Smathers
Cooper	Kerr	Smith, Maine
Cordon	Knowland	Stennis
Crippa	Kuchel	Thye
Daniel	Lennon	Upton
Dirkson	Long	Watkins
Duff	Malone	Welker
Dworshak	Martin	

NAYS—21

Burke	Green	Magnuson
Byrd	Hill	Mansfield
Clements	Humphrey	Murray
Douglas	Ives	Russell
Flanders	Jackson	Saltonstall
Fulbright	Kilgore	Sparkman
George	Lehman	Williams

NOT VOTING—16

Beall	Kennedy	Smith, N. J.
Eastland	Langer	Symington
Ellender	McCarran	Wiley
Frear	McCarthy	Young
Gillette	McClellan	
Kefauver	Morse	

So the report was agreed to.

Mr. CAPEHART. Mr. President, I move that the vote by which the conference report was agreed to, be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. CAPEHART. Mr. President, I ask unanimous consent that House bill 8783, to provide for the conveyance of certain housing units owned by the United States to the Housing Authority of St. Louis County, Mo., be indefinitely postponed. The provisions are contained in the conference report on the Housing Act of 1954.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I submit and send to the desk a concurrent resolution, for which I request immediate consideration. The purpose of the concurrent resolution is to make several technical corrections in the housing bill we have just passed.

The PRESIDING OFFICER. The concurrent resolution will be read.

The Chief Clerk read as follows:

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H. R. 7839) entitled "An act to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities," the Clerk of the House is authorized and directed to make the following corrections:

In the third sentence of section 221 (g) (3) of the National Housing Act, as added to that act by section 123 of the bill, insert after the words "is assigned to the Commissioner," the clause "shall mature 10 years after such date."

In section 100 of the Housing Act of 1949, as added to that act by section 301 of the bill, substitute "sections 102 and 103" for "sections 103 and 104."

In section 613 of the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as added to that act by section 805 (3) of the bill, insert after the words "San Diego County" the words "or Imperial County."

The PRESIDING OFFICER. Is there objection to the request for the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. CAPEHART. Mr. President, in as much as the concurrent resolution is purely technical in nature, I ask unanimous consent to have printed at this point in the body of the RECORD an explanation of the concurrent resolution.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

EXPLANATION OF SENATE CONCURRENT RESOLUTION 102 RELATING TO H. R. 7839, HOUSING ACT OF 1954

On page 68 of the conference committee report, in the statement on the part of the managers of the House, it was stated:

"The House bill contained a provision which would amend section 204 (d) of the National Housing Act so as to fix the term of debentures to be issued under sections 203 and 213 of the act at 10 years. The Senate amendment contained a provision further amending section 204 of the act so that any debentures issued under the act (other than debentures issued under sec. 221 (g) (3)) could be replaced under certain conditions with refunding debentures maturing within a further 10-year period, thus in effect permitting the FHA Commissioner to impose a 10-year extension on debenture maturities. The conference substitute places a straight 20-year maturity on all FHA debentures issued under the act other than debentures issued under section 221 (g) (3)."

While this was the intent of the conference committee, actually the debenture term under sec. 221 (g) (3) (debentures for the sec. 221 mortgages), as it is now written in the act agreed upon by the conference in 20 years rather than 10 years as was intended. This would not be consistent with the provision governing the interest rate on such debentures, where the rate is set on United States obligations of 8 to 12 years maturity.

The reason for making these debentures 10 years was to make this type of mortgage for the low rent housing program under section 221 more attractive to lenders with the hope that eventually such mortgages would be salable in the private mortgage market.

In the new section 100 (p. 35 of the conference report) it is provided:

"The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the 'urban renewal fund,' and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects; in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said fund."

Section 102 in the present law authorizes funds for loans for slum clearance and urban renewal. Section 103 authorizes capital grant funds. There is no authorization for funds in section 104. Consequently, unless the section number is changed, the Housing Administrator would not be authorized to place funds for loans authorized by section 102 of the act of 1949 in the urban renewal fund as was intended to be authorized by the new section 100. Therefore, we are simply changing the section references in the new section 100 from "103 and 104" to "102 and 103."

In section 805 (3), on page 59, we inadvertently failed specifically to include in this amendment provisions for housing for members of an Indian tribe in Imperial County, Calif., which was the intention of the conference committee when such provision was made for members of Indian tribes in Riverside County and San Diego County in California.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 102) was agreed to.

AMENDMENT OF SECURITIES ACT OF 1933, THE SECURITIES EXCHANGE ACT OF 1934, THE TRUST INDENTURE ACT OF 1939, AND INVESTMENT COMPANY ACT OF 1940—CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, I understand that the Senator from Connecticut [Mr. BUSH] has a conference report on the SEC bill. He assures me

he has taken up this matter with the senior Senator from South Carolina [Mr. MAYBANK] and with the minority leader, the distinguished senior Senator from Texas [Mr. JOHNSON]; and I understand the conference report was agreed to by all the conferees, and that there is no controversy regarding the report, insofar as the Senator from Connecticut knows.

AMENDMENT OF SECURITIES ACT OF 1933, THE SECURITIES EXCHANGE ACT OF 1934, THE TRUST INDENTURE ACT OF 1939, AND INVESTMENT COMPANY ACT OF 1940—CONFERENCE REPORT

Mr. BUSH. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2846) to amend certain provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Trust Indenture Act of 1939, and the Investment Company Act of 1940. I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2846) to amend certain provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Trust Indenture Act of 1939, and the Investment Company Act of 1940, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to all the amendments of the House and agree to the same.

HOMER E. CAPEHART,
PRESCOTT BUSH,
JOHN W. BRICKER,
I. M. IVES,
J. ALLEN FREAR, JR.,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,

Managers on the Part of the Senate.

CHAS. A. WOLVERTON,
JAMES I. DOLLIVER,
JOHN W. HESELTON,
JOHN B. BENNETT,
J. PERCY PRIEST,
DWIGHT L. ROGERS,
HOMER THORNBERRY,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BUSH. Mr. President, I wish to report the agreement of the conferees on Senate bill 2846, and to recommend favorable action by the Senate.

Mr. MAYBANK. Mr. President, will the Senator yield for a question?

Mr. BUSH. I yield.

Mr. MAYBANK. I only wish to say that, as I understood from the conference report, the Senate conferees held out as long as they possibly could for the adoption of the Senate version. But the House conferees were unwilling to accede to certain increases in exemptions, and the Senate finally gave in.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 30, 1954
For actions of July 29, 1954
83rd-2nd, No. 144

CONTENTS

Adjournment.....4	Health insurance.....27	Prices, support.....4
Animal disease.....21	Housing, farm.....3,28	Purchasing.....32
Appropriations.....10,33	Lands,.....24	Research.....20
CCC.....1,14,26	public.....12	Retirement.....15
Coffee.....6	reclamation.....18	Roads.....23
Disaster relief.....8	transfer.....22	Surplus commodities.....34
Farm program.....8,25	Librarian.....17	Surplus property.....24
Flood control.....11,24	Loans, farm.....3,7,13,28	Taxation.....14
Foreign aid.....9,16,33	Minerals.....2,12,31	Textiles.....5
Forestry.....19	Nomination.....17	Water facilities.....7
Government competition..29	Personnel.....15,27	Wheat quotas.....30
Grain storage.....14	Prices.....6	

HIGHLIGHTS: House passed bill to increase CCC borrowing power. House agreed to corrections in enrollment of housing bill. House voted against sine die adjournment July 31. Senate committee reported flood control bill. Senate agreed to conference report on tax revision bill. Senate debated mutual security authorization bill. Senate committee ordered reported supplemental appropriation bill. Rep. Multer criticized USDA's request for further increase in CCC borrowing authority. Senate recalled water-facilities loans bill and agreed to bills correcting clerical errors.

HOUSE

1. COMMODITY CREDIT CORPORATION. Passed, 317-57, without amendment H. R. 9756, increasing the borrowing power of CCC from \$8.5 billion to \$10 billion (pp. 11965-6).
2. MINERALS. Agreed to the conference report on S. 3344, to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of public lands (pp. 11967, A5553-5).
3. HOUSING LOANS. Agreed to a Senate concurrent resolution correcting errors in the enrollment of H. R. 7839, the housing bill (pp. 11966-7, 12010). This bill will now be sent to the President.
4. ADJOURNMENT. By a 183-193 vote, rejected H. Con. Res. 265, providing for sine die adjournment of Congress on July 31 (p. 11966).
5. TEXTILES. Rep. Deane inserted an analysis of the textile industry which he compiled from information obtained from the Legislative Reference Service and other sources (pp. 11971-5).
6. COFFEE PRICES. Received from the Federal Trade Commission a report, "Investigation of Coffee Prices" (p. 12029).

SENATE

7. WATER-FACILITIES LOANS. Recalled S. 3137, to amend the Water Facilities Act; reconsidered the vote by which the Senate agreed to House amendments to the bill; and concurred in the House amendments with further amendments for the purpose of correcting clerical errors in the bill (pp. 11898, 11958, 12000).
8. FARM PROGRAM. The amendment by Sen. Williams to S. 3052 (see Digest 143) is identical to his bill, S. 3815, which would provide for a specific contribution by State governments to the cost of feed or seed furnished to farmers, ranchers or stockmen in disaster areas.
Sen. Goldwater (for himself and Sen. Hayden) submitted an amendment which he intends to propose to this bill. Sen. Aiken (for himself and Sens. Hickenlooper, Schoeppel, Holland, and Anderson) submitted an amendment in the nature of a substitute which they intend to propose to the bill. (p. 11896.)
9. FOREIGN AID. Continued debate on H. R. 9678, the mutual security authorization bill for 1955 (pp. 11900-29, 11956-63).
10. SUPPLEMENTAL APPROPRIATION BILL, 1955. The Appropriations Committee ordered this bill reported with amendments (p. D913).
11. FLOOD CONTROL. The Public Works Committee reported with amendments H. R. 9859, the omnibus flood control bill (S. Rept. 2007)(p. 11892).
12. MINERALS; PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendment S. 3071, to amend the act authorizing agricultural entries under the non-mineral-land laws of certain mineral lands (S. Rept. 2009)(p. 11893).
13. FARM LOANS. Passed as reported H. R. 8152, to extend to June 30, 1955, the authority of the Veterans' Administration for direct home and farmhouse loans under the Servicemen's Readjustment Act, and to make additional funds available therefor (pp. 11926-7).
14. TAXATION. Agreed to the conference report on H. R. 8300, to revise the internal revenue laws (pp. 11929-54). This bill will now be sent to the President. Sens. Morse and Humphrey discussed an amendment which had been proposed by Sen. Humphrey regarding grain storage facilities and the contemplated purchase by CCC of additional facilities (pp. 11942-4).
15. PERSONNEL. Sen. Williams inserted and discussed an amendment which he intends to propose (on behalf of himself and Sen. Schoeppel) to H. R. 7774, the incentive awards bill. The amendment would prevent persons who are convicted of certain crimes from participating under the Civil Service Retirement Act, but would provide for refunds to such persons of the amounts which they had contributed to the retirement fund. (p. 11897.)
16. FOREIGN AID. Sen. Wiley commended the technical assistance program and inserted newspaper editorials on this matter (p. 11899).
17. NOMINATION of Lawrence Quincy Mumford, to be Librarian of Congress, was confirmed (p. 11964).

BILLS APPROVED BY THE PRESIDENT

18. RECLAMATION. H. R. 6786, authorizing Interior to purchase improvements or pay damages for removal of improvements located on U. S. public lands in the

House of Representatives

THURSDAY, JULY 29, 1954

The House met at 10 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we are again turning unto Thee in the sacred attitude of prayer, compelled by needs which Thou above canst supply and constrained by a love that is far beyond all our human understanding.

Inspire us now with a stronger conviction of the power of spiritual ideals and principles as we struggle against the forces of evil which are seeking to conquer and enslave the world.

Grant that in our longings and labors for peace on earth and good will among men we may never feel that we are following a forlorn hope or a vague impossibility.

May we daily be strengthened and sustained by a clear vision of the triumph of reason and righteousness and the assurance that Thou art able to do for us exceeding abundantly above all we can ask or think.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 102. Concurrent resolution to make corrections in the enrollment of H. R. 7839.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 3137. An act to make the provisions of the act of August 28, 1937, relating to the conservation of water resources in the arid and semiarid areas of the United States, applicable to the entire United States, and to increase and revise the limitation on aid available under the provisions of the said act, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 9757) entitled "An act to amend the Atomic Energy Act of 1946, as amended, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HICKENLOOPER, Mr. KNOWLAND, Mr. BRICKER, Mr. JOHNSON of Colorado, and Mr. ANDERSON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the com-

mittee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) entitled "An act to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities."

INCREASE BORROWING POWER OF COMMODITY CREDIT CORPORATION

The SPEAKER. The unfinished business is the question of the passage of the bill (H. R. 9756) to increase the borrowing power of the Commodity Credit Corporation.

The question was taken and the Speaker announced that the ayes seemed to have it.

Mr. JAVITS. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. Evidently a quorum is not present. The Doorkeeper will close the doors; the Sergeant at Arms will notify absent Members and the Clerk will call the roll.

The question was taken; and there were—yeas 317, nays 57, not voting 58, as follows:

[Roll No. 125]

YEAS—317

Abbutt
Abernethy
Adair
Albert
Alexander
Allen, Calif.
Allen, Ill.
Andersen,
H. Carl
Andresen,
August H.
Andrews
Arends
Ashmore
Aspinall
Auchincloss
Ayres
Bailey
Baker
Barden
Battle
Beamer
Belcher
Bender
Bennett, Fla.
Bentley
Berry
Betts
Bishop
Boggs
Boiling
Bolton,
Frances P.
Bolton,
Oliver P.
Bonin
Bonner
Bow
Bowler
Boykin
Bramblett
Bray
Brooks, Tex.
Brown, Ga.
Brown, Ohio

Brownson
Broyhill
Buchanan
Budge
Burdick
Burlison
Bush
Byrnes, Wis.
Campbell
Cannon
Carlyle
Carnahan
Carrigg
Cederberg
Chelf
Chenoweth
Chiperfield
Church
Clevenger
Cole, Mo.
Cole, N. Y.
Colmer
Condon
Cooley
Coon
Cooper
Corbett
CROSSER
Crumpacker
Cunningham
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Ga.
Davis, Wis.
Dawson, Utah
Deane
Dempsey
Devereux
D'Ewart
Dies
Dodd
Dolliver
Dondero
Dorn, S. C.

Dowdy
Doyle
Durham
Edmondson
Elliott
Ellsworth
Engle
Fenton
Fernandez
Fisher
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Gathings
Gentry
George
Golden
Goodwin
Gordon
Graham
Grant
Gregory
Gross
Gubser
Hagen, Calif.
Hagen, Minn.
Hale
Haley
Halleck
Hand
Harden
Hardy
Harrison, Va.
Harvey
Hays, Ark.
Hays, Ohio
Herlong
Hiestand
Hill
Hillelson
Hillings
Hinshaw
Hoffman, Ill.

Holifield
Holmes
Holt
Hope
Horan
Hosmer
Hruska
Hunter
Hyde
Ikard
Jackson
James
Jarman
Jenkins
Johnson, Calif.
Johnson, Wis.
Jonas, Ill.
Jonas, N. C.
Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karsten, Mo.
Kearney
Kee
Kelley, Pa.
Kersten, Wis.
Kilday
King, Calif.
Kirwan
Kluczynski
Knox
Krueger
Laird
Landrum
Lanham
LeCompte
Lesinski
Lipscomb
Lovre
McCarthy
McConnell
McCormack
McCulloch
McDonough
McGregor
McIntire
McMillan
McVey
Mack, Ill.
Mack, Wash.
Madden
Magnuson
Mahon
Marshall
Martin, Iowa
Matthews
Meador
Merrill
Merrow
Metcalf
Miller, Calif.
Miller, Kans.

Addonizio
Bates
Becker
Boland
Bosch
Busbey
Byrd
Byrne, Pa.
Canfield
Celler
Chudoff
Delaney
Derounian
Dollinger
Donohue
Donovan
Dorn, N. Y.
Eberhart
Fallon

Angell
Barrett
Bennett, Mich.
Bentsen
Blatnik

Miller, Md.
Miller, Nebr.
Mills
Mollohan
Moss
Moulder
Mumma
Natcher
Neal
Nelson
Norblad
Norrell
Oakman
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.
Ostertag
Passman
Patman
Patterson
Pelly
Pfost
Phillips
Pilcher
Pillion
Poage
Poff
Polk
Preston
Price
Prouty
Rabaut
Radwan
Rains
Ray
Rayburn
Reams
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.
Rhodes, Pa.
Richards
Riehlman
Riley
Rivers
Roberts
Robeson, Va.
Robson, Ky.
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Sadlak
St. George
Saylor
Schenck
Scudder
Seely-Brown
Selden
Shafer

NAYS—57

Fine
Fino
Fogarty
Forand
Friedel
Fulton
Gamble
Garmatz
Gary
Gavin
Granahan
Green
Heslton
Hess
Hoffman, Mich.
Holtzman
Javits
Kean
Keating

NOT VOTING—58

Brooks, La.
Buckley
Chatham
Clardy
Cotton

Shelley
Sheppard
Shuford
Sieminski
Sikes
Simpson, Ill.
Simpson, Pa.
Small
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Spence
Springer
Staggers
Stauffer
Steed
Stringfellow
Sullivan
Taber
Talle
Taylor
Teague
Thomas
Thompson, La.
Thompson, Mich.
Thompson, Tex.
Thornberry
Tollefson
Trimble
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vorys
Vursell
Wainwright
Walter
Wampler
Watts
Westland
Wharton
Whitten
Wickersham
Widnall
Wier
Williams, Miss.
Williams, N. Y.
Wilson, Calif.
Wilson, Ind.
Wilson, Tex.
Winstead
Withrow
Wolcott
Wolverton
Yorty
Young
Younger
Zablocki

Kelly, N. Y.
Keogh
King, Pa.
Klein
Latham
Mason
Miller, N. Y.
Morano
Multer
Nicholson
O'Neill
Osmer
Philbin
Rodino
Rooney
Scherer
Scott
Sheehan
Yates

Dingell
Evins
Feighan
Gwinn
Harris
Harrison, Nebr.
Harrison, Wyo.
Hart
Hébert
Hoeven
Howell
Jensen
Kearns
Kilburn
Lane

Lantaff
Long
Lucas
Lyle
Machrowicz
Mailliard
Morgan
Morrison
Murray
O'Brien, Mich.
O'Konski
Patten
Perkins
Powell
Priest

Regan
Roosevelt
Scrivner
Secrest
Short
Sutton
Vinson
Warburton
Welchel
Wheeler
Wigglesworth
Williams, N. J.
Willis

[Roll No. 126]

YEAS—183

Abbitt
Adair
Allen, Calif.
Allen, Ill.
Arends
Auchincloss
Ayres
Baker
Barden
Bates
Beamer
Becker
Belcher
Bender
Bentley
Berry
Betts
Bishop
Bolton,
Frances P.
Bonin
Bonner
Bosch
Bow
Boykin
Bramblett
Brown, Ohio
Brownson
Broyhill
Budge
Bush
Byrnes, Wis.
Canfield
Carrigg
Chenoweth
Chiperfield
Church
Clevenger
Cole, N. Y.
Colmer
Cooley
Coon
Crumpacker
Cunningham
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Wis.
Derounian
Devereux
D'Ewart
Dies
Dolliver
Dondero
Durham
Ellsworth
Fenton
Fisher
Ford
Frelinghuysen
Gamble
Gavin

Gentry
George
Golden
Goodwin
Granam
Gubser
Gwinn
Hale
Halleck
Hand
Harden
Harvey
Hess
Hiestand
Hill
Hillelson
Hillings
Hinshaw
Hoffman, Ill.
Hoffman, Mich.
Holmes
Holt
Horan
Hosmer
Hruska
Hunter
Hyde
Jackson
James
Jenkins
Johnson, Calif.
Jonas, N. C.
Jones, N. C.
Kean
Kearney
Kersten, Wis.
King, Pa.
Knox
Krueger
Laird
Latham
LeCompte
Lipscomb
Lovre
McConnell
McCulloch
McDonough
McGregor
McIntire
McVey
Mack, Wash.
Martin, Iowa
Meader
Merrill
Morrow
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mumma
Neal
Nelson
Nicholson

NAYS—193

Abernethy
Addonizio
Albert
Alexander
Andersen,
H. Carl
Andersen,
August H.
Andrews
Ashmore
Aspinall
Bailey
Battle
Bennett, Fla.
Biatnik
Boggs
Boland
Bolling
Bowler
Bray
Brooks, Tex.
Brown, Ga.
Buchanan
Burdick
Burleson
Byrd
Byrne, Pa.
Campbell
Cannon
Carlyle
Carnahan
Celler
Chelf
Chudoff
Cole, Mo.
Condon

Cooper
Corbett
CROSSER
Davis, Ga.
Dawson, Ill.
Dawson, Utah
Deane
Delaney
Dempsey
Dodd
Dollinger
Donohue
Donovan
Dorn, N. Y.
Dorn, S. C.
Dowdy
Doyle
Eberharter
Edmondson
Elliott
Engle
Fallon
Feighan
Fernandez
Fine
Fino
Fogarty
Forand
Forrester
Fountain
Frazier
Friedel
Fulton
Garmatz
Gary
Gathings

Gordon
Granahan
Grant
Green
Gregory
Gross
Hagen, Calif.
Hagen, Minn.
Haley
Hardy
Harrison, Va.
Hart
Hays, Ark.
Hays, Ohio
Herlong
Heslton
Hollifield
Holtzman
Hope
Howell
Ikard
Jarman
Javits
Johnson, Wis.
Jonas, Ill.
Jones, Ala.
Jones, Mo.
Judd
Karsten, Mo.
Keating
Kee
Kelley, Pa.
Kelly, N. Y.
Kilday
King, Calif.
Kirwan

Klein
Kluczynski
Landrum
Lanham
Lantaff
Lesinski
McCarthy
McCormack
McMillan
Mack, Ill.
Madden
Magnuson
Mahon
Marshall
Matthews
Metcalf
Miller, Calif.
Miller, Kans.
Mills
Mollohan
Morano
Moss
Multer
Natcher
Norrell
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.

O'Neill
Ostertag
Passman
Patman
Patten
Pfost
Philbin
Pilcher
Polk
Price
Rabaut
Rains
Rhodes, Pa.
Richards
Riley
Roberts
Rodino
Rogers, Mass.
Rogers, Tex.
Rooney
Sadlak
Saylor
Schenck
Scott
Seely-Brown
Selden
Shelley
Sheppard
Sieminski

Sikes
Simpson, Ill.
Smith, Miss.
Spence
Staggers
Steed
Stringfellow
Sullivan
Teague
Thomas
Thompson, Tex.
Thornberry
Trimble
Van Zandt
Vursell
Wainwright
Walter
Watts
Whitten
Wickersham
Wier
Williams, Miss.
Williams, N. J.
Winstead
Withrow
Wolverton
Yates
Yorty
Zablocki

NOT VOTING—56

Angell
Barrett
Bennett, Mich.
Bentsen
Bolton,
Oliver P.
Brooks, La.
Buckley
Busbey
Cederberg
Chatham
Clardy
Cotton
Coudert
Cretella
Curtis, Nebr.
Davis, Tenn.
Dingell
Evins

Harris
Harrison, Nebr.
Harrison, Wyo.
Hébert
Hoeven
Jensen
Kearns
Keogh
Kilburn
Lane
Long
Lucas
Lyle
Machrowicz
Mailliard
Mason
Morgan
Morrison
Moulder

Murray
O'Brien, Mich.
Perkins
Powell
Priest
Rayburn
Regan
Roosevelt
Scrivner
Secrest
Short
Sutton
Thompson, La.
Vinson
Warburton
Welchel
Wheeler
Wigglesworth
Willis

So the concurrent resolution was rejected.

Mr. KERSTEN of Wisconsin changed his vote from "nay" to "yea."

MESSRS. JUDD, DAWSON of Utah, BOGGS, SHEPPARD, JONAS of Illinois, FINO, DORN of New York, MORANO, BRAY changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

CORRECTIONS IN ENROLLMENT OF HOUSING ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate concurrent resolution (S. Con. Res. 102) making corrections in the enrollment of H. R. 7839.

The Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H. R. 7839) entitled "An act to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities," the Clerk of the House is authorized and directed to make the following corrections:

In the third sentence of section 221 (g) (3) of the National Housing Act, as added to that act by section 123 of the bill, insert the words "is assigned to the Commissioner," the clause "shall mature 10 years after such date."

In section 100 of the Housing Act of 1949, as added to that act by section 301 of the bill, substitute "sections 102 and 103" for "sections 103 and 104."

In section 613 of the act entitled "An act to expedite the provision of housing in con-

So the bill was passed.
The Clerk announced the following pairs:

Mr. Hoeven with Mr. Chatham.
Mr. Short with Mr. Brooks of Louisiana.
Mr. Wigglesworth with Mr. Hébert.
Mr. Kilburn with Mr. Morrison.
Mr. Clardy with Mr. Roosevelt.
Mr. Angell with Mr. Vinson.
Mr. Mailliard with Mr. Willis.
Mr. Curtis of Nebraska with Mr. Lane.
Mr. Harrison of Nebraska with Mr. Barrett.
Mr. Cotton with Mr. Long.
Mr. Bennett of Michigan with Mr. Evins.
Mr. Kearns with Mr. Dingell.
Mr. O'Konski with Mr. Powell.
Mr. Gwinn with Mr. Buckley.
Mr. Cretella with Mr. Machrowicz.
Mr. Welchel with Mr. Williams of New Jersey.
Mr. Jensen with Mr. Priest.
Mr. Scrivner with Mr. O'Brien of Michigan.
Mr. Coudert with Mr. Lantaff.
Mr. Harrison of Wyoming with Mr. Feighan.
Mr. Warburton with Mr. Perkins.

Mr. DORN of New York changed his vote from "yea" to "nay."

Mr. BOSCH changed his vote from "yea" to "nay."

Mr. KING of Pennsylvania changed his vote from "yea" to "nay."

Mr. GAVIN changed his vote from "yea" to "nay."

Mr. FALLON changed his vote from "yea" to "nay."

Mr. EBERHARTER changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

ADJOURNMENT DATE OF CONGRESS

Mr. HALLECK. Mr. Speaker, I offer a privileged resolution (H. Con. Res. 265) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring therein), That the two Houses of Congress shall adjourn on Saturday, July 31, 1954, and that when they adjourn on said day they stand adjourned sine die.

Mr. HALLECK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the passage of the resolution.

Mr. McCORMACK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 183, nays 193, not voting 56, as follows:

nection with national defense, and for other purposes," approved October 14, 1940, as added to that act by section 805 (3) of the bill, insert after the words "San Diego County" the words "or Imperial County."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The resolution was agreed to, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to insert in the Appendix a brief summary review of the Housing Act of 1954, H. R. 7839.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[The matter referred to appears in the Appendix.]

DISCHARGE RULE

Mr. HAGEN of Minnesota. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HAGEN of Minnesota. Mr. Speaker, the inquiry is with reference to paragraph 908 of the rules of the House relative to a motion to discharge a committee. My question is, Is it possible during the last 6 days of the session after a motion to recess or adjourn sine die has been adopted by both Houses, to call up the bill H. R. 9245, the postal-pay bill, under the rules of the House?

The SPEAKER. In response to the parliamentary inquiry of the gentleman, the Chair invites attention to the second paragraph of clause 4 of rule XXVII, which contains the following statement:

On the second and fourth Mondays of each month, except during the last 6 days of any session of Congress, immediately after the approval of the Journal, any Member who has signed a motion to discharge which has been on the calendar at least 7 days prior thereto, and seeks recognition, shall be recognized for the purpose of calling it up.

It seems perfectly clear to the Chair that the meaning of the rule is that when a motion has been on the calendar 7 legislative days a Member who signed the motion can call it up on the second or the fourth Monday, except when the second or fourth Monday comes during the last 6 days of a session. The exception then means that during the last 6 days of a session the motion cannot be called up at all.

SPECIAL ORDER GRANTED

Mr. PHILBIN asked and was given permission to address the House for 30 minutes today, following the legislative business of the day and any other special orders heretofore entered.

AMENDING MINERAL LEASING LAWS

Mr. WHARTON. Mr. Speaker, I call up the conference report on the bill (S. 3344) to amend the mineral leasing laws

to provide for multiple mineral development of the same tracts of the public lands, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 27, 1954.)

Mr. WHARTON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

FAMILY HOUSING FOR PERSONNEL OF ARMED FORCES

Mr. ALLEN of Illinois. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 662 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9924) to provide for family quarters for personnel of the military departments of the Department of Defense and their dependents, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker—

Mr. HOFFMAN of Michigan. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from Illinois yield to the gentleman from Michigan to propound a parliamentary inquiry?

Mr. ALLEN of Illinois. I yield.

Mr. HOFFMAN of Michigan. Is this a privileged resolution from the Rules Committee?

The SPEAKER. It is.

Mr. ALLEN of Illinois. It deals with the matter of military housing.

Mr. Speaker, I know of no one who is against this rule which provides for 13,613 units of military housing for the personnel in the military services. The purpose, of course, is to provide adequate housing for the military personnel.

Mr. Speaker, I rise to urge the adoption of House Resolution 662 which will make in order the consideration of the bill (H. R. 9924) to provide for family quarters for personnel of the military

departments of the Department of Defense and their dependents, and for other purposes.

House Resolution 662 provides for an open rule with 1 hour of general debate. I do not know of anyone that is opposed to the adoption of the rule.

Mr. Speaker, H. R. 9924 would authorize the military departments to provide family housing for personnel of the Armed Forces by the construction of 13,613 units, including replacement of substandard housing, and the rehabilitation of additional units, but at a total cost of not to exceed \$175 million.

Mr. Speaker, this bill has been introduced as a partial answer to the pressing problem of providing adequate family quarters for our military personnel. We all know that in this day and age when the world situation is so uncertain that it is extremely important that our country have an adequately trained and competent corps of military personnel.

The housing arrangements for the military have been so poor in recent years, due to the lack of quarters and the inability of finding outside family quarters, that the reenlistment rates have declined considerably. This, I think all Members of the House will agree, is an extremely dangerous situation.

Since the Armed Forces have been unable in recent years to provide the necessary housing for our military personnel through housing constructed with appropriated funds, the recent alternative has been the granting of a monetary allowance for quarters to be secured individually by the military personnel as best they can.

The drawbacks to this solution of the housing problem are obvious when you consider the usual crowded conditions that exist near any military installation.

While H. R. 9924 would provide for less than 10 percent of the family housing needs of the Armed Forces, even on the present understrength condition of the military forces, still this bill proposes to start solving the problem on a permanent and effective basis. The report stresses the fact that the original investment made by the Government to provide housing for military personnel will be amortized over a period of 14 years due to the fact that no housing allowance will have to be made for each family occupying these housing units.

Mr. Speaker, this problem has to be solved in some way or other and there is no time to be lost in working out the answer. I hope that the House membership will see fit to adopt this rule and that the House will proceed to the consideration of the bill.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. PHILLIPS. The gentleman said he knew of no one opposed to the rule. I am very much in opposition to the bill in its present form. I hope it will be recommitted, and I would be very willing to vote against the rule to attain that end.

I would like to have time to explain my point.

Mr. SHEPPARD. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. SHEPPARD. There are some people on this side who object to the rule.

Mr. ALLEN of Illinois. I said that I knew of none; now I know differently.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. McDONOUGH. I want to reiterate the statement made by my colleague from California [Mr. PHILLIPS]. I also am opposed to the bill. I trust it will be recommitted. I think it is a very poor method of financing and I would vote against the rule in order to attain that purpose.

Mr. ALLEN of Illinois. Mr. Speaker, I am hoping that this rule will be adopted. After the observations that have just been made, the matter can be debated fully after we adopt the rule. It is an open one. All members will have an opportunity to speak on it. I reiterate that we should adopt the rule, and then the matter will be open for full discussion.

The bill provides for 13,613 units for the military, chiefly for the enlisted personnel. In my opinion, this will stimulate the enlistment of people in the armed services as well as be of great value in connection with reenlistments. I cannot conceive of anything that would retard enlistment and reenlistment in the military more than inadequate housing for those we are striving to get and to keep in the service. I should mention especially that every time there is a voluntary enlistment and reenlistment it means that many less to be drafted. Personally, I believe we should make things as satisfactory as we can for those who want to voluntarily enlist or reenlist, which, as I say, would automatically lessen the necessity for the draft.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from New York.

Mr. TABER. One of the worst things that the Congress has to contend with is this continual demand of the Military Establishment to place additional housing in places where they are not needed. I am afraid from my examination of this bill that is just what it does.

Mr. ALLEN of Illinois. I thank the gentleman. Mr. Speaker, I made a considerable study of this matter after the bill was reported from the Committee on Armed Services and I find that the amount of money involved is not nearly as great as might appear from the bill itself. For instance, when the military personnel is quartered in congested areas they are granted, in some cases, additional monetary consideration to rent quarters. In cities like Detroit and other large areas where there is congestion it is most difficult at times for the enlisted personnel, the sergeants and corporals, to rent quarters. This becomes important when the Government must give them additional money to rent quarters. Where there is adequate housing on the post itself they do not have

to give the personnel this additional monetary consideration.

Mr. DEVEREUX. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Maryland.

Mr. DEVEREUX. The gentleman from Illinois has brought out the question of reenlistments. If we do not make the services attractive reenlistmentwise, insofar as officers are concerned, we will lose all of those skilled people from the military services and in the long run it will cost us millions of dollars more in order to try to make the services more attractive so that the officer personnel will not resign and so that the enlisted personnel, particularly in the first three grades, the very backbone of the military services, will not resign. If we do not make it attractive they will not reenlist. That is exactly the problem we are up against today.

Mr. ALLEN of Illinois. I thank the gentleman from Maryland for his observation.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. May I say that I wholeheartedly agree with the gentleman from Maryland who just spoke. The general has had much experience in connection with the military.

May I call attention to the fact that just last week the Committee on Armed Services of the House brought in a bill which passed scarcely without any objection whatsoever in order to give enlisted military personnel an opportunity to reenlist. The same thing is true of the officer personnel. In all of the services they have been denied too many of the comforts of life because we have been too penurious with them. This is one way of retaining both qualified officer personnel and enlisted personnel. I know myself, Mr. Speaker, in conversations with officers of different branches, in the service and in the reserve, that they are trying to get out as quickly as they can because of living conditions and other matters of that sort. In the long run this bill would save money.

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from California.

Mr. JOHNSON of California. We had exhaustive hearings before we brought this bill to the floor of the House. The housing conditions for our enlisted men and the junior officers are deplorable. This is only a stopgap piece of legislation that will provide for but 10 percent of the housing requirements in the military service. I certainly hope that the House will give us a chance to prove our case and not shut us off by refusing a rule.

Mr. RIVERS. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from South Carolina.

Mr. RIVERS. In every appropriation bill for the military there are items for millions and millions of dollars for quarters allowance that we are going to pay

out. I do not care what anybody on this floor says, we have got to appropriate it, and we have appropriated it under the law. The Committee on Appropriations does it every day. This bill is going to remove the necessity of going off of the bases and looking for housing, which we pay for day in and day out. This is trying to obviate the skinning of these people and causing them to pay these very exorbitant prices. This is an orderly approach to stop this spending which we are doing every year and which runs up into the untold millions.

Mr. CUNNINGHAM. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. I think, if I may be permitted to say so, that there are certain things about this bill that should be known. First, we need this housing; we cannot get it any other way. That was demonstrated in the testimony before the subcommittee of the Committee on Armed Services. This bill does not interfere with Wherry housing. This bill does not interfere with private housing. This bill provides that these houses shall be built on or near installations where they do not have and cannot get the proper kind of housing. Also, when you study this bill, you will find in the long run it will save the Government money. It is true that it will require some appropriations, whereas in the housing built under Wherry housing or under private housing, appropriations might not be needed at this time. But, under Wherry housing the Defense Department or the Government through the Defense Department pays the rent through the living quarters allowances to the officers and personnel. Under the Government-owned housing, this money is saved because it is paid right back into the Government and eventually it becomes self-liquidating. The Government owns the housing, whereas under private housing it never does. It just pays the rent. This bill is necessary now for the defense and security of our country and for the morale of our troops.

Mr. ALLEN of Illinois. I thank the gentleman.

I wish to state further, Mr. Speaker, that undoubtedly from what has been mentioned here today this could come under the Wherry Act but I believe that all will admit that when these homes are built on these bases and airfields under these provisions, and built under the supervision of the engineers, they will be much better homes, more permanent type homes. I believe all will admit that under the Wherry Act, the homes that were built are not of the most permanent kind.

I believe it is important to make this observation, and it has to do with the financial consideration. We have now tens of thousands of young veterans in the service who, when they come back, will have the privilege of going to college under the GI bill of rights. That is a costly proposition. If we can keep those youngsters who are entitled, if they leave the service, to go to college under the GI bill of rights, if we can

many years, as my colleagues know. I have never been more impressed by any staff than the staff of Mr. RIEHLMAN's subcommittee.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HOLIFIELD. As the ranking Democratic member of the Riehlman subcommittee, I want to add my words of praise to the work that WALTER RIEHLMAN has done on this committee and to the report. I call the attention of the Committee that every report for the past 2 years by this subcommittee has been unanimous. There has never been a dissenting report. That shows the gentleman from New York and the members of his subcommittee not only are dedicated to the best interests of the Congress as a whole, but it shows the degree of statesmanship and the ability to get along with other members of the committee is on a high order. I want also to thank the gentleman from Massachusetts for his participation in this subcommittee's deliberations and the contribution which he made to this investigation on the research and development programs of the three branches of the service. I believe this report will point the way toward more efficiency and savings in the future.

Mr. McCORMACK. I appreciate the remarks of my friend, the gentleman from California. May I ask the distinguished minority whip 1 or 2 questions in order that the RECORD might definitely state the intention of the Committee on Armed Services. Of course, I intend at the next session to introduce a bill for an Assistant Secretary of Research and Development for the Army and one for the Navy. Secretary Talbott has shown outstanding leadership in this matter, as he is going to name 1 of these 2 Assistant Secretaries in this bill as Assistant Secretary for Research and Development. He recognizes the importance of research and development in the world today as well as in the world of tomorrow, particularly in connection with military research.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. ARENDS. The Committee on Armed Services certainly recognizes the importance of this and has rather emphatically set forth in its report what the intent and purpose of the bill is.

Mr. McCORMACK. Exactly. I appreciate what the committee did. I want to ask first, when the committee put this language in the report, the committee intended so far as one of these two Assistants for the Army and Navy is concerned that they would probably be designated—whatever the full title might be—also Assistant Secretaries for Research and Development, is that not correct?

Mr. ARENDS. That is correct.

Mr. McCORMACK. I expressed the hope that the title would be Assistant Secretaries for Research and Development—and then whatever else would be added after the words, "Research and Development." I think most of the members of the committee would agree with that. But in any event, it is the intention of the committee that 1 of

these 2 assistants, one for the Army and one for the Navy, would also carry in their titles the words "Research and Development."

Mr. ARENDS. We are very clearly setting that forth, yes.

Mr. McCORMACK. And the committee would be keenly disappointed if that was not done, is that correct?

Mr. ARENDS. Very much so.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. GROSS. We have four more Assistant Secretaries. Would the gentleman justify the other two?

Mr. McCORMACK. The gentleman from Iowa is very keen and I admire him very, very much. The gentleman from Massachusetts strongly feels that research and development is vitally important in the preservation and success of our country. I think the gentleman from Iowa will agree with me in that respect. Do I hear any disagreement?

Mr. GROSS. I am listening to the gentleman.

Mr. McCORMACK. The gentleman from Massachusetts feels that it is vitally important to have an Assistant Secretary in each one of these.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. GROSS. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may proceed for 2 additional minutes.

Mr. McCORMACK. The gentleman from Massachusetts feels that it is vitally important to have an Assistant Secretary in each one of these branches for research and development.

Mr. GROSS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

Mr. SHAFER. Mr. Chairman, I object.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. SHAFER. Mr. Chairman, I will withdraw my objection.

Mr. GROSS. I was waiting for the gentleman to justify the four others. He has justified only two.

Mr. McCORMACK. The gentleman from Massachusetts is very much interested in research and development. I think it is of vital importance that we should have an Assistant Secretary in each branch of the Defense Department, specifically appointed for that purpose. One of those two is going to be in the Air Force, and the other two, the committee has clearly stated that they want that included in their title.

Mr. GROSS. Does not the gentleman think we ought to have some research and development in the Marine Corps as well?

Mr. McCORMACK. Yes. But so far as the new Assistant Secretaries are concerned the United States Marine Corps is a part of the Department of the Navy. Of course, when we have an Assistant Secretary for the Navy, we have him for the Marine Corps as well. The gentle-

man from Massachusetts supports the bill because he feels they made out a case, but he is particularly for the bill because there is something therein representing progress for research and development.

The CHAIRMAN. The time of the gentleman has expired.

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Bow, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9869) to provide for two additional Assistant Secretaries of the Army, Navy, and Air Force, respectively, pursuant to H. Res. 689, he reported the same back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

Mr. ARENDS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill S. 3466, an identical bill to the one just passed.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 102 (a) of the Army Organization Act of 1950 (64 Stat. 264), is hereby amended to read as follows:

"There shall be in the Department of the Army an Under Secretary of the Army and four Assistant Secretaries of the Army, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall receive the compensation prescribed by law. One of the Assistant Secretaries authorized herein shall be designated Assistant Secretary of the Army for Financial Management, and may also act as Comptroller of the Army, if so designated by the Secretary of the Army."

(b) Subsections (b) and (c) of section 101 of the Army Organization Act of 1950 (64 Stat. 264), are amended by deleting the word "either", wherever appearing, and inserting in lieu thereof the word "an."

SEC. 2. Two Assistant Secretaries of the Navy may be appointed from civilian life by the President by and with the advice and consent of the Senate. Such Assistant Secretaries shall be in addition to the Assistant Secretary of the Navy authorized under section 1 of the act of July 11, 1890 (26 Stat. 254), as amended, and the Assistant Secretary of the Navy for Air authorized under section 4 of the act of June 24, 1926 (44 Stat. 767), as amended, making a total of four Assistant Secretaries. Each such additional Assistant Secretary shall perform such functions as the Secretary of the Navy may from time to time prescribe and each shall receive compensation at the rate prescribed by law for Assistant Secretaries of military departments. One of the Assistant Secretaries,

authorized herein shall be designated as the Assistant Secretary of the Navy for Financial Management, and may also act as Comptroller of the Navy, if so designated by the Secretary of the Navy. The Assistant Secretaries of the Navy shall succeed to the Office of the Secretary of the Navy during his temporary absence in the position provided for the Assistant Secretary of the Navy and the Assistant Secretary of the Navy for Air by section 10 of the act of March 5, 1948 (62 Stat. 66), and the Assistant Secretaries of the Navy shall take order among themselves in the order prescribed by the Secretary of the Navy or if no order is prescribed by the Secretary of the Navy then in the order in which the several Assistant Secretaries of the Navy took office as such.

SEC. 3. (a) Subsection (a) of section 102 of the Air Force Organization Act of 1951 (65 Stat. 327), is hereby amended to read as follows:

"There shall be in the Department of the Air Force an Under Secretary of the Air Force and four Assistant Secretaries of the Air Force, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and who shall receive the compensation prescribed by law. One of the Assistant Secretaries authorized herein shall be designated Assistant Secretary of the Air Force for Financial Management, and may also act as Comptroller of the Air Force, if so designated by the Secretary of the Air Force."

(b) Subsection (d) of section 207 of the National Security Act of 1947 (61 Stat. 495), is hereby amended by deleting the word "two" and inserting in lieu thereof the word "four."

(c) Subsections (b) and (c) of section 101 of the Air Force Organization Act of 1951 (65 Stat. 327), are amended by deleting the word "either", wherever appearing, and inserting in lieu thereof the word "an."

Mr. ARENDS. Mr. Speaker, I offer an amendment to strike out all after the enacting clause and insert the provisions of the House bill, H. R. 9689 just passed.

The Clerk read as follows:

Amendment offered by Mr. ARENDS: Strike out all after the enacting clause and insert the provisions of H. R. 9689 as passed.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

By unanimous consent, the proceedings whereby H. R. 9689 was passed were vacated and that bill laid on the table.

TO REORGANIZE THE CAPITOL POLICE

Mr. ALLEN of Illinois. Mr. Speaker, I call up the resolution (H. Res. 656) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9413) to reorganize the Capitol Police force in order to increase its efficiency in the performance of its duties, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on House Administration, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the sub-

stitute amendment recommended by the Committee on House Administration now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend with or without instructions.

The SPEAKER. When the House discontinued consideration of this legislation the other day the gentleman from Illinois [Mr. ALLEN] had 28 minutes remaining, the gentleman from Virginia [Mr. SMITH], 27.

CALL OF THE HOUSE

Mr. CHUDOFF. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 127]

Angell	Harrison, Va.	Perkins
Baker	Harrison, Wyo.	Powell
Belcher	Hébert	Priest
Bennett, Mich.	Hill	Reams
Bentsen	Hinshaw	Roosevelt
Boland	Hoeven	Scrivner
Brooks, La.	James	Secret
Buckley	Kilburn	Short
Chatham	Lane	Smith, Miss.
Church	Long	Sutton
Clardy	Lucas	Taylor
Cotton	Lyle	Thompson, La.
Coudert	Machrowicz	Vinson
Curtis, Nebr.	Magnuson	Warburton
Davis, Tenn.	Mailliard	Weichel
Dawson, Ill.	Morgan	Wheeler
Dingell	Morrison	Whitten
Evins	Murray	Wigglesworth
Fisher	Nelson	Willis
Golden	Oakman	Wilson, Tex.
Harris	O'Brien, Mich.	Winstead
Harrison, Nebr.	Patman, Tex.	

The SPEAKER. On this rollcall, 365 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AMENDING SENATE CONCURRENT RESOLUTION 102 MAKING CORRECTIONS IN H. R. 7839

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the proceedings by which the concurrent resolution (S. Con. Res. 102) to make corrections in the enrollment of H. R. 7839, was passed be vacated for the purpose of offering two amendments.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I offer the two amendments.

The Clerk read as follows:

Amendments offered by Mr. WOLCOTT of Michigan.

On page 2, line 2, strike out "301" and insert "302."

At the end of Senate Concurrent Resolution 102, insert the following new paragraph:

"In section 227 (c) (1) (2) (B) of the National Housing Act, as added to that act by section 126 of the bill, insert after the words 'such outstanding indebtedness' the following '(without reduction by reason of the application of the approved percentage requirements of this section)'."

The amendments were agreed to.

The concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

TO REORGANIZE THE CAPITOL POLICE FORCE

The SPEAKER. The Chair recognizes the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, one meets with many surprises in this body. I was told that this police reorganization bill was a bipartisan proposition and that it had the endorsement of the leadership on both sides of the aisle. It is my understanding that after the unfortunate incident which occurred in this Chamber on the 1st of March, the leadership of both sides met with the Secretary of the Senate, the Sergeant at Arms, and Captain Broderick of the Capitol Police and worked on a bill in an attempt to prevent the possibility of another incident of that kind. And it is my understanding that this bill had the agreement of the leadership as well as the Committee on House Administration. Undoubtedly, I was misinformed. When the bill was presented to the Committee on Rules in the application for a rule, I know that it was on a nonpartisan basis. I know that the gentleman from Texas [Mr. BURLESON] who is a former FBI man appeared before us, and although he did not say that this bill was 100 percent perfect, he gave his endorsement to the bill. Mr. Speaker, I do not know whether this is the answer to the problem, but I know that no one here should assume the responsibility of not doing everything possible to avoid another incident such as occurred here on March 1. We were very fortunate at that time. Fifteen or twenty people might have been killed. As far as I am concerned, I am going to vote for this bill probably with the knowledge that it is not a perfect bill. It provides for 50 additional policemen who will have to qualify. They will not be the type of many of the boys whom I, as chairman of the Personnel Committee, have appointed for Members on both sides of the aisle, such as young men attending Georgetown and George Washington Universities. I hope that these youngsters can still remain on, but I think we need more than that.

In conclusion, let me say I do not want to be a party to another incident in this House when they shot 26 times in this Chamber. Fortunately no one was killed. I do not want another thing like that to occur where many might be killed, then the people will turn to us and say, "Can this Congress not ever learn anything?"

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 2, 1954
For actions of July 30 and 31, 1954
83rd-2nd, Nos. 145 and 146

CONTENTS

Adjournment.....11,15	FAS.....13	Loans, farm.....1,4,10,13
Appropriations.....13	Foreign aid.....2,26,27	Personnel.....6,11,13,16
Coffee.....19	Forestry.....7,32	Prices, support.....14,22
Commodity exchange...13,19	Guam.....17	Public loans.....32
Conservation.....20	Housing.....1	Reclamation.....8,21,25
Credit unions.....3	Imports.....7,12	Statehood.....30
Economic controls.....28	Investigations.....9	Surplus commodities.....2
Electrification.....29	Labor standards.....18	Taxation.....33
Expenditures.....26	Lands, grazing.....32	Textiles.....23
Extension work.....11,31	reclamation.....8,21,25	Watershed protection....13
Farm program....5,12,24,32	Legislative program5,11,15	

HIGHLIGHTS: Senate agreed to correction in housing bill. Senate debated foreign aid bill. House committee reported life insurance bill for Federal employees. House committee voted to report bill giving Attorney General additional investigations authority. House committee rejected bill authorizing LBC-type loans. Rep. Vursell commended USDA farm program. Senate committee reported supplemental appropriation bill, and Sen. Bridges presented additional amendments.

SENATE - July 30

1. HOUSING. Concurred in House corrections of the enrolled bill H. R. 7839, the proposed Housing Act of 1954 (p. 12051). This bill will now be sent to the President.
2. FOREIGN AID. Continued debate on H. R. 9678, the mutual security authorization bill for 1955 (pp. 12034-48, 12051-72, 12074-112).
Agreed to a Malone amendment to eliminate the authorization for stimulating foreign production of strategic materials, by a 49-35 vote (pp. 12034-48).
Agreed to a Smathers amendment to increase the authorization for technical assistance in Latin America by \$10,000,000, by an 86-2 vote (pp. 12074-7).
Rejected, 32-58, a Johnston amendment providing that any eligible nation purchasing any surplus farm commodity shall be granted by CCC an additional quantity equal in value to half of that part of the quantity so purchased which exceeds the average quantity purchased by such nation during the last 3 years (pp. 12110-12).
3. CREDIT UNIONS. Concurred in the House amendment to S. 3683, to transfer supervision of D. C. credit unions from Treasury to HEW (p. 12051). This bill will

now be sent to the President.

4. FARM LOANS. The Interior and Insular Affairs Committee reported without amendment H. R. 7568, authorizing conveyance of certain land by the Farm Loan Board of Hawaii (S. Rept. 2021)(p. 12032).
5. LEGISLATIVE PROGRAM. Sen. Knowland announced that, immediately following the Flanders motion and the foreign-aid bill, the farm-program bill will be made the unfinished business, but that actual consideration of the farm bill will be postponed for part or all of one day so that the calendar of bills may be called. He stated further: "I had thought we might dispose of the farm bill in 2 full days...It might even require 3 days...I think we would have to allow at least 3 or 4 days in conference... the majority leader has no intention of moving to adjourn the Senate sine die until it has completed consideration of ...the farm bill." (p. 12073.)

HOUSE - July 30

6. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 3681, to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service (H. Rept. 2579)(p. 12250).
This Committee also reported with amendment H. R. 6790, to increase the salary of the Chairman of the Council of Economic Advisers to \$17,500 (H. Rept. 2581)(p. 12250).
Rep. Fogarty recommended an increase in pay for Federal employees (p. 12181).
7. HARDBOARD IMPORTS. Passed, 235-109, as reported H. R. 9666, to classify hardboard under the "wood and manufactures of" schedule of the Tariff Act. Rep. Utt inserted a Forest Service statement on the importance of developing the hardwood industry. (pp. 12184-93.)
8. RECLAMATION. Passed as reported H. R. 8384, to authorize the Talent division, Oreg., by a 163-144 vote (pp. 12201-11).
Passed with amendments H. R. 8498, to authorize reestablishment of the Pão Verde district, Calif. (pp. 12226-30).
9. INVESTIGATIONS. The Judiciary Committee ordered reported S. 2308, amended, to direct the Attorney General to investigate certain offenses against the Federal Government (p. D922).
10. FARM LOANS. The "Daily Digest" states that, during consideration of S. 3339 (to authorize FCA to make Land Bank Commissioner-type loans) by the Agriculture Committee, "a motion to report the bill to the House was not adopted" (p. D921).
11. ADJOURNMENT; LEGISLATIVE PROGRAM. By a 180-167 vote, agreed to H. Con. Res. 266, providing for sine die adjournment on July 31. It was expected that, at a later date, the Senate would consider the measure and would amend it to set a later date for adjournment. It was explained that the House would have to consider the matter again, in order to determine whether it would agree to the adjournment date proposed by the Senate; and therefore the first House vote would have no effect on whether a vote could be taken on the Corbett pay-raise bill. (pp. 12193-4.) The House then adjourned until Tues., Aug. 3 (p. 12250). Rep. Halleck announced that S. 3385, transferring extension work

abundantly clear that the reservation of leasable minerals is applicable, as to existing mining claims, only to those mining claims receiving the benefits of the first 3 sections of S. 3344. As to claims hereafter located, the reservation is applicable only to the claims that fall in one of 3 categories at the time of issuance of the patent therefore.

This latter restriction was written into the bill by the House and was accepted by your committee of conference with clarifying language.

Again, in section 7, the conferees adopted language designed to afford still greater protection to the mining claimant.

Certain technical changes were made in section 10, the Atomic Energy section, to make its terms consistent with those used in the Atomic Energy Act which the Congress recently enacted. A proviso was added to subsection (b) of section 10 to provide that the Atomic Energy Commission may not issue uranium leases in national parks, monuments, or wildlife refuges unless and until the President of the United States, by Executive order, declares such action is necessary and in the interests of national defense.

It can be stated that the atomic energy section of this bill is wholly in conformity with the sections of the atomic energy bill respecting the exploration, prospecting and extraction of fissionable source materials on the public lands.

A new section, section 12, was written into the bill stating that—

Nothing in this act shall be construed to waive, amend, or repeal the requirement of any provision of any law for approval of any official of the United States whose approval prior to prospecting, exploring, or mining would be required.

This section, while not of course, adding anything of substance to the legislation, does make abundantly clear the intent of both Houses that the bill will not indiscriminately throw open to mineral development areas where the approval of a responsible official of the United States has heretofore had to be obtained before mineral development could be carried on. An example would be permits to prospect in wildlife refuges, national parks, monuments, or on power-site withdrawals. We want to be certain that the bill in no way detracts from the protection now afforded wildlife, or our national parks.

Mr. President, while S. 3344 as approved by this body on July 8 has not been substantially changed, your conferees are convinced that the bill now is in clearer language and more fully carries out the intent of Congress.

It should be stated that all of the Senate conferees have signed the conference report.

Mr. President, I move adoption of the conference report on S. 3344.

Mr. ANDERSON. Mr. President, will the Senator yield for a question?

Mr. BARRETT. I am glad to yield to the Senator from New Mexico.

Mr. ANDERSON. As a matter of fact, while some changes in words may have been made in the bill, the result is a bill that is identical with the one passed by

the Senate after long hearings and long consideration. Is that correct?

Mr. BARRETT. The Senator is absolutely correct. In substance it is pretty much the same bill as it passed the Senate some time ago.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

HOUSING ACT OF 1954—CORRECTIONS IN ENROLLMENT OF H. R. 7839

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 102) to make corrections in the enrollment of H. R. 7839, to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, which were, on page 2, line 2, strike out "301" and insert "302" and on page 2, after line 9, insert:

In section 227 (c) (ii) (2) (B) of the National Housing Act, as added to that Act by section 126 of the bill, insert after the words "such outstanding indebtedness" the following: (without reduction by reason of the application of the approved percentage requirements of this section)

Mr. KNOWLAND. Mr. President, yesterday the Senate adopted the concurrent resolution (S. Con. Res. 102) making certain corrections in the enrollment of H. R. 7839, the housing bill. There, apparently, were additional corrections to be made. This matter has been taken up with the distinguished Senator from South Carolina [Mr. MAYBANK], and we would like to have the House amendments agreed to.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. KNOWLAND. Yes, I will yield.

Mr. MAYBANK. I thoroughly concur in the amendments that the House has made and I think they should be agreed to.

Mr. KNOWLAND. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

THE JUNIOR SENATOR FROM WISCONSIN—MOTION OF CENSURE

Mr. FLANDERS. Mr. President, I have consulted with the majority leader, the distinguished senior Senator from California [Mr. KNOWLAND], and I have offered to have the presentation of my motion to censure postponed until the discussion of the foreign-aid bill is concluded, provided, however, that it does not appear to be unduly prolonged, in which case I may wish to intervene with my privileged motion.

MUTUAL SECURITY ACT OF 1954—MOTION TO RECONSIDER VOTE

Mr. McCARRAN. Mr. President, I desire to enter a motion to reconsider the vote by which the Senate on July 29 agreed to the amendment offered by the

Senator from New Jersey [Mr. SMITH], identified as "7-28-54-G," and inserting on page 112, line 20, of the bill (H. R. 9678), an act to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, after "(a)", a new sentence as follows:

The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953.

I was not present at the time this amendment was adopted, and therefore I qualify to enter this motion.

The PRESIDING OFFICER. The motion will be entered.

AMENDMENT OF DISTRICT OF COLUMBIA CREDIT UNION ACT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3683) to amend the District of Columbia Credit Unions Act" which was, on page 3, line 1, strike out "(a)" and insert "(b)."

Mr. CASE. I move that the Senate concur in the amendment of the House. It is merely a cross-reference, changing (a) to (b).

The motion was agreed to.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. KNOWLAND. Mr. President, I understand the Senator from Nevada has another he is going to offer. If it is agreeable to him, I ask that the yeas and nays be ordered on the amendment.

The yeas and nays were ordered.

Mr. KNOWLAND. As I understand, the Senator from Nevada has sent his amendment to the desk.

Mr. MALONE. I have sent the amendment to the desk and I now offer it.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and insert in lieu thereof the following:

That there is hereby authorized to be appropriated the sum of \$13,079,000,000 for construction within the United States of military aircraft for the Armed Forces of the United States.

THIRTEEN BILLION FOREIGN AID FUND SHOULD BE SPENT ON UNITED STATES AIRCRAFT

Mr. MALONE. Mr. President, it is the intention of the junior Senator from Nevada to support with data and necessary information the amendment he has offered which proposes to authorize the appropriation of \$13,079,000,000 which would be available to the FOA for the construction of military aircraft for the Armed Forces of the United States. What is now known as FOA started as UNRRA. If this bill would pass in its present form FOA would be another UNRRA.

Mr. President, as of June 30, 1954, there were unexpended balances of mu-

tual security funds totaling \$9,979,100,000, of which \$7,734,600,000 had been appropriated to defense agencies, and \$2,244,500,000 to other agencies.

Of the \$9,979,100,000 there are \$2,582,000,000 in funds which have never been obligated and are therefore available from previous appropriations for the foreign aid program for 1955.

The Senate bill now under consideration would authorize \$3,100,000,000 in new funds for further foreign aid expenditures.

Unexpended funds, plus proposed new funds, total \$13,079,000,000. Unobligated funds, plus proposed new funds, total \$5,582,000,000.

An amendment is suggested to make unexpended balances plus the proposed new authorization available for the construction of airplanes for our national defense.

TITANIUM ADDS NEW FACTOR TO AIR PROGRAM

I wish to say at this point that there is more to the construction of military aircraft than appears in the programs which have been publicly announced. A new material has come on the scene. It is absolutely necessary and a "must" in airplane construction, if we are to have the best aircraft manufactured in the United States of America. That material is called titanium. We call it the wonder metal, because it is strong and light and is not susceptible to corrosion, even under sea water conditions, and very few chemicals will affect it.

"WONDER METAL" NECESSARY FOR SUPERSONIC AIR SPEEDS

In addition to its being noncorrosive, it is also heat resistant. The new alloys being worked out with titanium will stand the heat generated on the shell of a plane by supersonic speeds of 800 miles an hour or greater. The metal now used, aluminum, will not stand such high heat.

Also, with the lighter weight, of course, as was testified to by Don Douglas, of Douglas Aircraft, and by Robert Gross, of Lockheed, and others who know airplane construction, if the metal is available to the extent necessary so that the designs can be taken off the drafting board, a plane using 25 to 40 percent titanium, including the engine, not only can travel at supersonic speeds of 800 miles an hour or greater, but can cover the distances necessary without refueling.

TITANIUM TO GIVE MILITARY AIRCRAFT LONGER RANGE

Now it is necessary to refuel our planes if they go five or six thousand miles. The new planes, when the new metal is available, will be able to go 5,000 to 7,000 miles from the United States bases, distribute their bomb load, and return without refueling.

This metal is not available at this time in sufficient quantities. Therefore this Nation is not able to build the great air force it is capable of building without more work and more production.

MORE EMPHASIS MUST BE PLACED ON TITANIUM PRODUCTION

At this time the pure metal costs \$15 a pound. Pressed into shapes, it costs about \$20 a pound. Manufactured

sponge is now being contracted for at \$5 a pound.

Without going into the laboratory work or the methods or the engineering experience, and the time that has been put into this metal in the past 3 years, the manufacture of the metal has been retarded because there has not been sufficient emphasis on the necessity for it; and, I am sorry to say, Congress has paid very little attention to it.

The subcommittee was provided for under Senate Resolution 143. The report of the subcommittee was submitted to the Senate on July 9. Before the subcommittee we heard witnesses from the airplane construction industry, from Government agencies working in laboratories on this metal, and from private construction agencies working on jet planes.

GREATER OUTPUT WILL BRING DOWN COSTS

The situation is that Mr. Mansure, of the General Services Administration, is doing the best job he can do, but he has limited orders. He has an objective of 35,000 tons annually. That is the amount recommended to be produced by the Secretary of Defense and by Mr. Flemming, Director of the Office of Defense Mobilization and a member of the National Security Council. Mr. Mansure is doing the best he can. However, encouragement is needed in the form of greater emphasis on the manufacture of the metal, which is very expensive. It is believed that it will be much cheaper in the reasonably near future if we have the pressure of manufacture, so that eventually, instead of costing \$15 a pound, it will cost less than \$3 a pound, and perhaps even \$2 a pound. The history of the manufacture of metals shows that to be the pattern. Aluminum and stainless steel are examples; 50 years ago aluminum was exceedingly expensive, costing from \$40 to \$50 a pound. It was a very scarce material.

After it was found to be an important metal and demand developed for the manufacture of national-defense goods, we began to manufacture aluminum in quantity. Today, instead of costing many dollars a pound it costs 18 or 20 cents a pound. The price of titanium is not likely to become that low, but practically all engineers and manufacturers believe that it will be cut in two several times. I believe that will be the case.

At the moment some agency must take the chance. Therefore, with titanium costing \$15 a pound for the metal and \$5 for the sponge with the present method of manufacture, it is necessary for the investor, whoever wants the metal—and that is now the Government—to take the risk of obsolete equipment in case a better and cheaper process is developed. So the contracts now being let by the General Services Administration guarantee to pick up the check on any equipment rendered obsolete by virtue of the possible development of a better method of manufacture.

This is a very fine investment, and it must be made. Money would be saved even if it were necessary to pay for a great deal of obsolete equipment, because when the method becomes cheaper money will be saved on future contracts.

ONE HUNDRED AND FIFTY THOUSAND TONS OF TITANIUM NEEDED ANNUALLY

Mr. President, large amounts of money are needed to let contracts to responsible companies for the manufacture of the planes themselves. I shall not go into detail as to what companies are interested, but we do know that progress is being made in laboratory experiments in the invention and manufacture of alloys necessary for the jet engines and for the planes.

Mr. President, the testimony clearly showed that we need an annual capacity of 150,000 tons of titanium, and that a large proportion of this capacity must be in a going concern operation or in a stockpile before the newly designed planes can be taken off the drafting board and manufacture started. Little would be gained if we started to manufacture a plane and then ran out of titanium metal and had to stop.

We are now producing 2,000 tons of this metal. We need 150,000 tons annually. If contracts are let at the present cost for any major portion of this amount of metal, a great amount of money will be required.

UNITED STATES AIRPOWER MUST BE GREATEST IN WORLD

I am addressing myself today to the question of the availability of the money required to build a first-class Air Corps with first-class air equipment, which will enable us to dominate the area of the Western Hemisphere. What we must drive for is an extended Monroe Doctrine. President Monroe said in 1823, 130 years ago, that if any nation should seek to extend its form of government within that area, such aggression would be considered an overt act against the United States. That doctrine kept us out of war for 75 years. It can keep us out of war for another 50 years if we are prepared to implement it; but we cannot now implement it with a fleet or with a foot army.

We must support it with the greatest airpower and the greatest air equipment in the world. To obtain this equipment we must start at the bottom. We must have the metal available to make the equipment and the money available to start making it.

We should not put a foot soldier in Asia or Europe. That kind of warfare is outdated. We should have our air equipment based in the United States or elsewhere in North America, according to military strategists. Such equipment could fly at supersonic speeds, travel between 5,000 and 7,000 miles, distribute the bombs, and return. We should also have fighter planes, radar equipment, and guided-missile equipment. If any nation should move across the line which we would define, either politically, economically, or militarily, we would simply say, "We will destroy your warmaking capacity at home."

I would not mention any nation. At this moment the greatest danger to this Nation is not Russia. There are other nations more dangerous to this Nation, economically and politically. Let us keep our feet on the ground and be ready to lay down the law, just as Monroe did 130 years ago.

Public Law 560 - 83d Congress
Chapter 649 - 2d Session
H. R. 7839

AN ACT

All 68 Stat. 590.

To aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing Act of 1954".

Housing Act
of 1954.

TITLE I—FEDERAL HOUSING ADMINISTRATION

AMENDMENTS OF TITLE I OF NATIONAL HOUSING ACT

SEC. 101. (a) Section 2 (a) of the National Housing Act, as amended, is hereby amended—

Insurance of
financial insti-
tutions.
48 Stat. 1246.
12 USC 1703.
Improvement and
repair loans.

(1) by striking out the period at the end of the second sentence and by inserting a colon and the following: "Provided, That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss."; and

(2) by inserting at the end thereof the following:

"After the effective date of the Housing Act of 1954, (i) the Commissioner shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and (iii) the Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved."

Restriction.

(b) As used in the amendments made by subsection (a) of this section "effective date of the Housing Act of 1954" shall mean the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

Effective date.

SEC. 102. Section 2 (f) of said Act, as amended, is hereby amended by adding the following at the end thereof: "The account heretofore established in connection with insurance operations under this section

12 USC 1703.
Title I Claims
Account, termina-
tion.

and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of August 1, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States."

64 Stat. 48.
12 USC 1706e.
Mortgage in-
surance.
Termination.

SEC. 103. Section 8 of said Act, as amended, is hereby amended by striking the period at the end of subsection (a) and inserting a colon and the following: "*And provided further*, That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

AMENDMENTS OF TITLE II OF NATIONAL HOUSING ACT

Sales housing
Insurance &
eligibility.
12 USC 1709.
Principal
obligation.

SEC. 104. Section 203 (b) (2) of said Act, as amended, is hereby amended to read as follows:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of \$9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of \$9,000, except that the President may increase such dollar amounts up to not to exceed \$10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: *Provided*, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85 per centum of the amount computed under the foregoing provisions of this paragraph (2): *Provided further*, That the mortgagor shall have paid on account of the property at least 5 per centum (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent."

12 USC 1709.

SEC. 105. Section 203 (b) (3) of said Act, as amended, is hereby amended to read as follows:

Maturity.

"(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser."

12 USC 1709.

SEC. 106. Section 203 (b) (5) of said Act, as amended, is hereby amended to read as follows:

Interest.

"(5) Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market."

SEC. 107. Section 203 (c) of said Act, as amended, is amended by 12 USC 1709. striking out of the second sentence the word "*Provided*" and inserting: Debentures. "*Provided*, That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: *Provided further*".

SEC. 108. Section 203 (d) of said Act, as amended, is hereby amended 12 USC 1709. by striking the period at the end thereof and inserting a colon and the Farm mortgages. following: "*And provided further*, That no mortgage shall be insured Termination. pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date."

SEC. 109. Subsections (f) and (g) of section 203 of said Act, as Repeals. amended, are hereby repealed.

SEC. 110. Section 203 of said Act, as amended, is hereby further 12 USC 1709. amended by adding the following new subsections at the end thereof:

"(h) Notwithstanding any other provision of this section, the Disaster housing. Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of \$7,000 and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes' (Public Law 875, Eighty-first Congress, approved 64 Stat. 1109. September 30, 1950), as amended, has determined to be a major 42 USC 1855a. disaster.

"(i) Notwithstanding any other provision of this section, the Com- Single family missioner is authorized to insure any mortgage which involves a residence. principal obligation not in excess of \$6,650 and not in excess of 95 Outlying areas. per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided*, That (1) the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, or (2) the mortgagor shall be the owner and occupant of the property at the time of insurance, regardless of his credit standing, with whom a person or corporation having a credit standing satisfactory to the Commissioner, shall have entered into a written contract (a) to pay on behalf of the prospective owner and occupant all or part of the downpayment required by this paragraph agreeing to take as security a note from the latter bearing interest at the rate of not more than 4 per centum per annum, maturing after the last maturity date of principal due on the insured mortgage, with a right in the holder to accelerate maturity to a date following prepayment of the entire mortgage debt, under the terms of which note all rights of such person or corporation are subordinated to the rights of the mortgagee or assignees of the mortgage, and (b) to guarantee payment of the insured mortgage by the owner and occupant according to the terms of the mortgage, or (3) shall be the builder constructing the dwelling; in which case the

principal obligation shall not exceed 85 per centum of the appraised value of the property or \$5,950: *Provided further*, That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in suburban and outlying areas or small communities: *Provided further*, That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to the construction of a farm home on a plot of land five or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed \$100,000,000."

Farm home.

Payment of insurance.

12 USC 1710.
 Debentures.

SEC. 111. Section 204 (a) of said Act, as amended, is hereby amended—

(1) by striking out of the third sentence the words "any mortgage insurance premiums paid after either of such dates" and inserting "any mortgage insurance premiums paid after either of such dates, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner";

12 USC 1715e, 1709.

Direct conveyance.

(2) by striking out of the second proviso the words "or under section 213 of this Act," and inserting the following: "or under section 213 of this Act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954,"; and

(3) by striking the period at the end thereof and inserting a colon and the following: "*And provided further*, That, notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner."

Debenture terms.

SEC. 112. (a) Section 204 (d) of said Act, as amended, is hereby amended by striking out of the second sentence thereof the words "three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued, except that debentures issued with respect to mortgages insured under section 213 shall mature twenty years after the date of such debentures" and inserting "twenty years after the date thereof".

12 USC 1715e.

12 USC 1713.

(b) Section 207 (i) of said Act, as amended, is hereby amended by striking out of the second sentence thereof "ten" and inserting "twenty".

12 USC 1748b.

(c) Section 803 (f) of said Act, as amended, is hereby amended by striking out of the second sentence thereof "ten" and inserting "twenty".

12 USC 1750e.

(d) Section 904 (d) of said Act, as amended, is hereby amended by striking out of the third sentence thereof the word "ten" and inserting "twenty".

Nonapplicability.

(e) This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

SEC. 113. Section 204 of said Act, as amended, is hereby amended by 12 USC 1710: adding at the end thereof the following new subsection:

"(j) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice."

SEC. 114. Section 205 of said Act, as amended, is hereby amended to 12 USC 1711. read as follows:

"SEC. 205. (a) The Commissioner shall establish as of July 1, 1954, in the Mutual Mortgage Insurance Fund a General Surplus Account and a Participating Reserve Account. All of the assets of the General Reinsurance Account shall be transferred to the General Surplus Account whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the General Surplus Account whereupon all of said group accounts shall be abolished."

"(b) The aggregate net income thereafter received or any net loss thereafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice."

"(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance."

"(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive."

SEC. 115. Section 207 (c) of said Act, as amended, is hereby amended—

(1) by inserting before the semicolon at the end of paragraph numbered (2) a colon and the following: "*And provided further*, That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion,

Premium charge
payment.
Cessation of
obligation.
12 USC 1709.

General Surplus
and Participating
Reserve Accounts.

12 USC 1709.

Rental housing.
12 USC 1713.

Insurance
eligibility.

- necessary to remove conditions detrimental to safety, health, or morals";
- Guam. (2) by striking out the word "Alaska," in paragraph numbered (2) and inserting "Alaska, or in Guam,"; and
(3) by striking out paragraph numbered (3) and inserting the following:
- Mortgage limits. "(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,000 per room (or \$7,200 per family unit if the number of rooms in such property or project is less than four per family unit) : *Provided*, That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,000 per room to not to exceed \$2,400 per room and the dollar amount limitation of \$7,200 per family unit to not to exceed \$7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design."
- 12 USC 1713. SEC. 116. Section 207 (d) of said Act, as amended, is hereby amended by inserting the words "of the Housing Insurance Fund" between the words "debentures" and "issued" in the first sentence of such section.
- 12 USC 1713. SEC. 117. Section 207 (h) of said Act, as amended, is hereby amended by striking out the period at the end of the first sentence and adding the following: "and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner."
- 12 USC 1715e. SEC. 118. Section 212 (a) of said Act, as amended, is hereby amended by inserting at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under section 220 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families."
- Labor standards. SEC. 119. (a) Section 213 (b) of said Act, as amended, is hereby amended by striking clauses (1) and (2) and inserting:
- Post, p. 596. "(1) not to exceed \$5,000,000, or not to exceed \$25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and
- Cooperative housing. "(2) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed physical improvements are completed: *Provided*, That if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed \$2,375 per room (or \$8,550 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 95 per centum of the estimated value of the property or project when the proposed physical improvements are completed: *Provided further*, That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) \$2,250 per room to not to
- 12 USC 1715e. Mortgage limits.
- Non-veteran.
- Veteran.

exceed \$2,700; (ii) \$2,375 per room to not to exceed \$2,850; (iii) \$8,100 per family unit to not to exceed \$8,400; and (iv) \$8,550 per family unit to not to exceed \$8,900: *And provided further*, That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President." Definition.

(b) Section 213 (c) of said Act, as amended, is hereby amended by striking from clause (1) "paragraph (A), paragraph (C), or paragraph (D) of". 12 USC 1715e.

SEC. 120. Section 213 (f) of said Act, as amended, is hereby amended by striking the last sentence thereof. Assistant Commissioner.

SEC. 121. Section 217 of said Act, as amended, is hereby amended to read as follows: 12 USC 1715h.

"SEC. 217. Notwithstanding limitations contained in any other section of this Act on the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) \$1,500,000,000, except that with the approval of the President such aggregate amount may be increased by not to exceed \$500,000,000. Insurance authorization.

"It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2) into one general insurance authorization to take the place of all existing authorizations or limitations."

SEC. 122. Section 219 of said Act, as amended, is hereby amended by striking out the words "or the Defense Housing Insurance Fund," and inserting "the Defense Housing Insurance Fund, or the Section 220 Housing Insurance Fund,". 12 USC 1715j. Transfer of insurance funds.

SEC. 123. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

"REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

"SEC. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section. Purpose. 12 USC 1709, 1713.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3) (B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commit- Authority.

ments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

Definitions.

"(c) As used in this section, the terms 'mortgage', 'first mortgage', 'mortgagee', 'mortgagor', 'maturity date', and 'State' shall have the same meaning as in section 201 of this Act.

12 USC 1707.

Eligibility.

"(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

"(1) The mortgaged property shall—

Location.

"(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended: *Provided*, That a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and said Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan, and

63 Stat. 413.

42 USC 1451-1460.

42 USC 1451.

Plan.

Certification.

Standards.

"(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

"(2) The mortgaged property shall be held by—

Mortgagor.

"(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the Section 220 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

Federal or State instrumentalities, etc.

"(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

"(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection and other fees as the Commissioner shall approve) in an amount—

Mortgage limits.

"(A) not to exceed \$20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or \$27,500 in the case of a three-family residence; or \$35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) \$35,000 plus not to exceed \$7,000 for each additional family unit in excess of four located on such property; and not to exceed an

amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of \$9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of \$9,000, except that the President may increase such dollar amounts up to not to exceed \$10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: *Provided*, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85 per centum of the amount computed under the foregoing provisions of this paragraph (A); or

“(B) (i) not to exceed \$5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed \$50,000,000; and

“(ii) not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed (the value of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect’s fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

“(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,250 per room (or \$8,100 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,250 per room to not to exceed \$2,700 per room and the dollar amount limitation of \$8,100 per family unit to not to exceed \$8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, except that the Commissioner may, by regulation, increase the foregoing limits by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require: *And provided further*, That nothing contained in this paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

“(4) The mortgage shall provide for complete amortization by Amortization.

periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 (b) (3). The mortgage 12 USC 1709.
shall bear interest (exclusive of premium charges for insurance and Interest.
service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor’s periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

All 68 Stat. 599.

Release.

"(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

Benefit provisions.

"(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

12 USC 1710,
1709.

"(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

12 USC 1713.

"(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 220 Housing Insurance Fund.

Section 220
Housing In-
surance Fund,
Creation.

"(g) There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 220 Housing Insurance Fund.

12 USC 1737.

"Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

Relocation
housing.

"SEC. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families to be displaced as the result of governmental action in a community respecting which (1) the

Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families to be so displaced, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *Provided further*, That the total number of dwelling units in properties covered by mortgage insurance under this section in any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families to be so displaced and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: *Provided further*, That, with respect to any community referred to in clause (1) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: *And provided further*, That with respect to any community referred to in clause (2) of this subsection (but not clause (1) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2) is being carried out.

42 USC 1451.

42 USC 1451-1460.

Community request. Priority.

Limitation.

Restriction.

Limitation.

"(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

Authority.

"(c) As used in this section, the terms 'mortgage', 'first mortgage', 'mortgagee', 'mortgagor', 'maturity date' and 'State' shall have the same meaning as in section 201 of this Act.

Definitions.

12 USC 1707.

"(d) To be eligible for insurance under this section, a mortgage shall—

Eligibility.

"(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

"(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$7,600, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent.

Mortgage limits.

Commitment.

lent: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

“(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of \$5,000,000; and not in excess of \$7,600 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$8,600 in any geographical area where he finds that cost levels so require, and not in excess of 95 per centum of the Commissioner’s estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

Amortization.

“(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed thirty years from the date of insurance of the mortgage or three-quarters of the Commissioner’s estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor’s periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

Release.

“(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

Standards.

“(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

Benefit provisions.

“(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

“(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such

mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or 12 USC 1709.

"(2) as to mortgages meeting the requirements of paragraph (3) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or 12 USC 1713.

"(3) in the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3) shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, shall mature ten years after such date, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term 'going Federal rate' as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act. 12 USC 1713.

All 68 Stat. 603.

Section 221
Housing In-
surance Fund,
Creation.

12 USC 1737.

"(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of \$1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

"Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund."

SEC. 124. Title II of said Act, as amended, is further amended by adding at the end thereof the following new section:

"MORTGAGE INSURANCE FOR SERVICEMEN

Purpose.

12 USC 1709.

Definition.

"SEC. 222. (a) The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and their families, and servicemen in the United States Coast Guard and their families, by supplementing the insurance of mortgages under section 203 of this title with a system of mortgage insurance specially designed to assist the financing required for the construction or purchase of dwellings by those persons. As used in this section, a 'serviceman' means a person to whom the Secretary of Defense (or any officer or employee designated by him), or the Secretary of the Treasury (or any officer or employee designated by him), as the case may be, has issued a certificate hereunder indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States or in the United States Coast Guard and has served on active duty for more than two years, but a certificate shall not be issued hereunder to any person ordered to active duty for training purposes only. The Secretary of Defense and the Secretary of the Treasury, respectively, are authorized to prescribe rules and regulations governing the issuance of such certificates and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from military assignment, or, in the case of the United States Coast Guard, other assignment.

12 USC 1709.
Additional
mortgages.

"(b) In addition to mortgages insured under section 203, the Commissioner may, for the purpose of this section, insure any mortgage under this section which would be eligible for insurance under section

203, except that as to mortgages so insured the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in section 203 but not to exceed in any event 95 per centum of the appraised value of the property and not to exceed \$17,100: *Provided*, That a mortgage insured under this section shall have been executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment.

"(c) The Commissioner may prescribe the manner in which a mortgage may be accepted for insurance under this section. Premiums fixed by the Commissioner under section 203 with respect to, or payable during, the period of ownership by a serviceman of the property involved shall not be payable by the mortgagee but shall be paid not less frequently than once each year, upon request of the Commissioner to the Secretary of Defense or the Secretary of the Treasury, as the case may be, from the respective appropriations available for pay and allowances of persons eligible for mortgage insurance under this section. As used herein, 'the period of ownership by a serviceman' means the period, for which premiums are fixed, prior to the date that the Secretary of Defense (or any officer or employee or other person designated by him) or the Secretary of the Treasury (or any officer or employee or other person designated by him), as the case may be, furnishes the Commissioner with a certification that such ownership (as defined by the Commissioner) has terminated.

12 USC 1709.

Definition.

"(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of the insurance as provided in section 204 (a) with respect to mortgages insured under section 203.

12 USC 1710, 1709.

"(e) The provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 shall apply to mortgages insured under this section, except that as applied to those mortgages (1) all references to the 'Fund', or 'Mutual Mortgage Insurance Fund', shall refer to the 'Servicemen's Mortgage Insurance Fund', and (2) all references to 'section 203' shall refer to this section.

"(f) There is hereby created a Servicemen's Mortgage Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of \$1,000,000 to such Fund from the War Housing Insurance Fund created by section 602 of this Act. Any premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Servicemen's Mortgage Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, and cash adjustments and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Servicemen's Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration incurred under this section may be charged to the Servicemen's Mortgage Insurance Fund. Moneys in that Fund not needed for the current operation of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of that Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this

Servicemen's Mortgage Insurance Fund. Creation.

12 USC 1737.

All 68 Stat. 605.

section. Those purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued."

Transfer of
certain au-
thority to
Title II.
12 USC 1745.

12 USC 1743,
1750b, 1750g.

SEC. 125. Title II of said Act, as amended, is hereby further amended by adding at the end thereof the following new section to transfer to title II the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX; and to authorize the insurance under title II of mortgages assigned to the Commissioner under insurance contracts and mortgages held by the Commissioner in connection with the sale of property acquired under insurance contracts:

"MISCELLANEOUS HOUSING INSURANCE

12 USC 1709,
1713.

"SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203 or section 207, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203 or section 207 of this title any mortgage—

54 Stat. 1125.
42 USC 1521-
1590.
54 Stat. 872;
55 Stat. 14,
197, 810.

"(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

54 Stat. 681.
42 USC 1501-
1505.

"(2) executed in connection with the sale by the Public Housing Administration, or by any public housing agency with the approval of the said Administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

49 Stat. 115.

"(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing under the jurisdiction of the Tennessee Valley Authority; or

"(4) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

"(5) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), and (3) above; or

12 USC 1743.

"(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing

Act of 1954 or under section 903 or section 908 of title IX: 12 USC 1750b,
Provided, That the principal amount of any such refinancing 1750g.

mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that where a mortgage of a character described in paragraph (1), (2), (3), or (5) covers property held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust, if at least 65 per centum of such members or beneficiaries are veterans, such principal obligation may be in an amount not exceeding 95 per centum of such appraised value.

“(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VII, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II.”

SEC. 126. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

“DEBENTURE INTEREST RATE

“SEC. 224. Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (3) of section 221 (g) hereof) shall bear interest at the rate in effect at the time the mortgage is insured. The Commissioner shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such

Ante. p. 601.

estimated average annual yield to the nearest one-eighth of 1 per centum.

"OPEN-END MORTGAGES

Charges.

Eligibility requirement.

Restrictions.

"SEC. 225. Notwithstanding any other provisions of this Act, in connection with any mortgage insured pursuant to any section of this Act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an 'open-end' provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided*, That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such 'open-end' advances: *Provided further*, That only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved shall be eligible for insurance under this section: *Provided further*, That no such advance shall be insured under this section if the amount thereof plus the amount of the unpaid balance of the original principal obligation of the mortgage would exceed the amount of such original principal obligation unless the mortgagor certifies that the proceeds of such advance will be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling: *And provided further*, That the insurance of 'open-end' advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this Act.

"FHA APPRAISAL AVAILABLE TO HOME BUYERS

12 USC 1709,
 1715e.

Ante, pp. 596,
 599, 603.

12 USC 1750b.

Nonapplicabil-
 ity.

"SEC. 226. The Commissioner is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance under section 203, 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) thereof, 220, 221, 222, or 903 of this Act, the seller or builder or such other person as may be designated by the Commissioner shall agree to deliver, prior to the sale of the property, to the person purchasing such dwelling for his own occupancy, a written statement setting forth the amount of the appraised value of the property as determined by the Commissioner. This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

"BUILDER'S COST CERTIFICATION

"SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage

loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. As used in this section—

“(a) The term ‘new or rehabilitated multifamily housing’ means Definitions. a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered 12 USC 1713, 1715e. (1) of subsection (a) thereof, (iii) under section 220 if the mortgage Ante, p. 596. meets the requirements of paragraph (3) (B) of subsection (d) Ante, p. 599. thereof, (iv) under section 221, (v) under section 803, or (vi) under sections 903 and 908;

“(b) The term ‘approved percentage’ means the percentage figure 12 USC 1748b, 1750b, 1750g. which, under applicable provisions of this Act, the Commissioner is authorized to apply to his estimate of value or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount; and

“(c) The term ‘actual cost’ has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder’s profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an amount equal to the Commissioner’s estimate of the fair market value of any land (prior to the construction of the improvements built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the mortgagor paid for the acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder’s profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an additional amount equal to (A) in case the land and improvements are to be acquired by the mortgagor and the purchase price thereof is to be financed with part of the proceeds of the mortgage, the purchase price of such land and improvements prior to such repair or rehabilitation, or (B) in case the land and improvements are owned by the mortgagor subject to an outstanding indebtedness to be refinanced with part of the proceeds of the mortgage, the amount of such outstanding indebtedness (without reduction by reason of the application of the approved percentage requirements of this section) secured by such land and improvements, but excluding (for the purposes of this clause (ii)) the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements: *Provided*, That such additional amount under either (A) or (B) of this clause (ii) shall in no event exceed the Commissioner’s estimate of the fair market value of such land and improvements prior to such repair or rehabilitation.

GS-16, 17 and
18 positions.
63 Stat. 959.
5 USC 1105.

"SEC. 228. Notwithstanding section 505 of the Classification Act of 1949, as amended, the Commissioner may establish and place one position in grade GS-18, four positions in grade GS-17, and eight positions in grade GS-16 in the Federal Housing Administration, which positions shall be in lieu of any positions presently allocated in the Federal Housing Administration under said section 505."

ADDITIONAL AMENDMENTS RELATING TO FEDERAL HOUSING ADMINISTRATION

War housing
insurance.

SEC. 127. Title VI of said Act, as amended, is hereby amended by adding the following new section at the end thereof:

Termination.

"SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date."

12 USC 1748b.
Military hous-
ing insurance.
Extension.

SEC. 128. (a) Section 803 (a) of said Act, as amended, is amended by striking out "July 31, 1954" and substituting therefor "June 30, 1955".

12 USC 1750b.
Rental require-
ment.

(b) Section 903 (a) of said Act, as amended, is hereby amended by adding the following before the last proviso thereof: "*Provided further*, That the Commissioner shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than three years after the dwelling is made available for initial occupancy."

65 Stat. 295.
42 USC 1591b.
Expiration
date.

SEC. 129. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended as follows: (1) by striking out the material within the parentheses in clause (a) and substituting therefor "except (i) pursuant to a commitment to insure issued on or before such date or (ii) after July 31, 1954, and until July 1, 1955, during such period, or for such project or projects, as the President may designate hereunder", and (2) by adding after the last comma in clause (b) "except after July 31, 1954, and until July 1, 1955, during such period, or for such project or projects, as the President may designate hereunder: *Provided*, That, to the extent necessary to assure the adequate completion of any facilities for which prior agreements have been made under title III, the Housing and Home Finance Administrator may, at any time after July 31, 1954, enter into amendatory agreements under such title involving the expenditure of additional Federal funds within the balance available therefor on or before such date".

Agreement.

SEC. 130. The paragraph following paragraph numbered (3) of section 803 (b) of the National Housing Act, as amended, and paragraph numbered (3) of section 908 (b) of said Act, as amended, are hereby amended to read as follows: "The mortgagor shall enter into the agreement required by section 227 of this Act, as amended."

12 USC 1748b,
1750g.

Ante, p. 607.

SEC. 131. The eighth paragraph of section 709 of title 18 of the United States Code is hereby amended to read as follows:

62 Stat. 734.
False advertis-
ing or misuse
of names.

"Whoever uses as a firm or business name the words 'Housing and Home Finance Agency', 'Federal Housing Administration', 'Federal National Mortgage Association', or 'Public Housing Administration' or the letters 'FHA' or any combination or variation of those words or the letters 'FHA' alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, which does not in fact exist, or falsely claims that any repair, improve-

ment, or alteration of any existing structure is required or recommended by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, for the purpose of inducing any person to enter into a contract for the making of such repairs, alterations, or improvements, or falsely advertises or falsely represents by any device whatsoever that any housing unit, project, business, or product has been in any way endorsed, authorized, inspected, appraised, or approved by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof; or".

Sec. 132. Title V of the National Housing Act, as amended, is hereby amended by adding the following new sections after section 511: 49 USC 22.

"Sec. 512. Notwithstanding any other provision of law, the Commissioner is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under title I, II, VI, VII, VIII, or IX of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Commissioner has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of any regulation issued by the Commissioner under this Act or by the Administrator of Veterans' Affairs under said title III, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the Commissioner and shall be entitled, upon making a written request to the Commissioner, to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the Commissioner under this section shall be based on the preponderance of the evidence. 58 Stat. 291. 38 USC 694-694n.

"Sec. 513. (a) The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under that Act is to be used principally for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while such insurance on the mortgage remains outstanding. Hotel purposes. Intent of Congress.

"(b) Notwithstanding any other provisions of this Act, no new, existing, or rehabilitated multifamily housing with respect to which a mortgage is insured under this Act shall be operated for transient or hotel purposes unless (1) on or before May 28, 1954, the Commissioner has agreed in writing to the rental of all or a portion of the accommodations in the project for transient or hotel purposes (in which case no accommodations in excess of the number so agreed to by the Commissioner shall be rented on such basis), or (2) the project covered by the insured mortgage is located in an area which the Commissioner determines to be a resort area, and the Commissioner finds that prior to May 28, 1954, a portion of the accommodations in the project had been made Prohibitions.

available for rent for transient or hotel purposes (in which case no accommodations in excess of the number which had been made available for such use shall be rented on such basis).

Certification. “(c) Notwithstanding any other provisions of this Act, no mortgage with respect to multifamily housing shall be insured under this Act (except pursuant to a commitment to insure issued prior to the effective date of the Housing Act of 1954), and (except as to housing coming within the provisions of clause (1) or clause (2) of the preceding subsection) no mortgage with respect to multifamily housing shall be insured for an additional term, unless (1) the mortgagor certifies under oath that while such insurance remains outstanding he will not rent, or permit the rental of, such housing or any part thereof for transient or hotel purposes, and (2) the Commissioner has entered into such contract with, or purchased such stock of, the mortgagor as the Commissioner deems necessary to enable him to prevent or terminate any use of such property or project for transient or hotel purposes while the mortgage insurance remains outstanding.

Enforcement. “(d) The Commissioner is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal, as to all existing multifamily housing with respect to which a mortgage was insured under this Act prior to the effective date of the Housing Act of 1954 as well as to all multifamily housing with respect to which a mortgage is hereafter insured under this Act: *Provided*, That no criminal penalty shall, by reason of enactment of this section, be applicable to the rental or operation of any such existing multifamily housing in violation of any provision of subsection (b) of this section at any time prior to the effective date of the Housing Act of 1954.

Definitions. “(e) As used in this section, (1) the term ‘rental for transient or hotel purposes’ shall have such meaning as prescribed by the Commissioner but rental for any period less than thirty days shall in any event constitute rental for such purposes, and (2) the term ‘multifamily housing’ shall mean (i) a property held by a mortgagor upon which there are located five or more single family dwellings, or upon which there is located a two-, three-, or four-family dwelling, or (ii) a property or project covered by mortgage insured or to be insured under section 207, under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, under section 220 if the mortgage is within the provisions of paragraph (3) (B) of subsection (d) thereof, under section 221 if the mortgage is within the provisions of paragraph (3) of subsection (d) thereof, under section 608, under section 803, or under section 908, or (iii) a project with respect to which an insurance contract pursuant to title VII is outstanding.

Investigation. “(f) Promptly after receipt of written notice that any portion of any building is being rented or operated in violation of any provision of this section or of any rule or regulation lawfully issued thereunder, the Commissioner shall investigate the existence of the facts alleged in the written notice and shall order such violation, if found to exist, to cease forthwith.

Violation. “(g) If such violation does not cease in accordance with such order, the Commissioner shall forward the complaint to the Attorney General of the United States for prosecution of such civil or criminal action, if any, which the Attorney General may find to be involved in such violation.

Injunctions. “(h) Whenever he finds a violation of any provision of this section has occurred or is about to occur, the Attorney General shall petition the district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts

12 USC 1713,
1715e.

Ante, p. 596.

Ante, p. 599.

12 USC 1743,
1748b, 1750g.

**Authority of
Attorney
General.**

or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and upon a showing by the Attorney General that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

“(i) Any person owning or operating a hotel within a radius of fifty miles of a place where a violation of any provision of this section has occurred or is about to occur, or any group or association of hotel owners or operators within said fifty-mile radius, at his or their sole charge or cost, may petition any district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and, upon a showing that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted.”

“(j) The several district courts of the United States and the several district courts of the Territories of the United States or other place subject to United States jurisdiction, within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, shall, wheresoever such acts or practices may have been done or committed, have full power and jurisdiction to hear, try, and determine such matter under subsections (h) and (i) of this section.”

TITLE II—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Federal National Mortgage Association Charter Act.

SEC. 201. Title III of the National Housing Act, as amended, is hereby amended to read as follows:

“TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

“PURPOSES

“SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

“(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

“(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mort-

gage lending and home building activities which threatens materially the stability of a high level national economy; and

“(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

“CREATION OF ASSOCIATION

Federal National Mortgage Association.

“SEC. 302. (a) There is hereby created a body corporate to be known as the ‘Federal National Mortgage Association’ (hereinafter referred to as the ‘Association’), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

58 Stat. 284.

38 USC 693 note.

“(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured under this Act, as amended, or which are insured or guaranteed under the Servicemen’s Readjustment Act of 1944, as amended: *Provided*, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; and (2) the Association may not purchase any mortgage if (i) it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality or (ii) the original principal obligation thereof exceeds or exceeded \$15,000 for each family residence or dwelling unit covered by the mortgage.

“CAPITALIZATION

“SEC. 303. (a) The Association shall have nonvoting common stock; and initially shall also have nonvoting preferred stock to which the Secretary of the Treasury shall subscribe as provided in subsections (d) and (e) of this section. All stock of the Association shall have a par value of \$100 per share, and shall not be transferable except on the books of the Association. At the option of the Association all such stock shall be retireable at par value at any time, except that retirements of common stock shall not be made if, as a consequence, the amount thereof remaining outstanding would be less than \$100,000,000. With respect to the preferred stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year or portion thereof, from the date or dates the capital represented by such preferred stock is initially utilized until such preferred stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the preferred stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the preferred stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible. Concurrently with the retirement of the last of such outstanding shares of preferred stock, the Association shall pay to the Secretary of the Treasury for covering into mis-

cellaneous receipts an amount equal to that part of the general surplus and reserves of the Association (other than reserves established to provide for any depreciation in value of its assets, including mortgages) which shall be deemed to have been earned through the use of the capital represented by the shares held by him from time to time. The amount of such payment shall be determined by applying to such surplus and reserves that percentage which is equivalent to the proportion borne by the employed capital represented by the Secretary's stock to the total employed capital of the Association, computed monthly for the period from the cutoff date determined pursuant to section 303 (d) of this title to the aforesaid retirement of the last of the outstanding shares of preferred stock of the Association.

"(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to not less than 3 per centum of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association, or such greater percentage as may from time to time be determined by the Association. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

Post, p. 619.

"(c) The Association shall issue, from time to time, to each mortgage seller its common stock (only in denominations of \$100 or multiples thereof) evidencing any capital contributions made by such seller pursuant to subsection (b) of this section. Such dividends as may be declared by the board of directors in its discretion shall be paid by the Association to the holders of its common stock, but in any one fiscal year the general surplus account of the Association shall not be reduced through the payment of dividends applicable to such common stock which exceed in the aggregate 5 per centum of the par value of the outstanding common stock of the Association: *Provided*, That pending the retirement of all the outstanding preferred stock of the Association such percentage with respect to any one fiscal year shall not exceed the percentage rate of the cumulative dividend applicable to the preferred stock of the Association for that fiscal year.

"(d) Within ninety days following the effective date of the Housing Act of 1954, as of the day following a cutoff date to be determined by the Association, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, preferred stock of the Association having an aggregate par value equal to the sum of (1) the amount of \$21,000,000 (being the amount of the original subscription for capital stock of \$20,000,000 and paid-in surplus of \$1,000,000 of the Association) and (2) an amount equal to the Association's surplus, surplus reserves, and undistributed earnings, computed as of the close of the cutoff date.

"(e) The preferred stock of the Association delivered to the Secretary of the Treasury pursuant to subsection (d) of this section shall be in exchange for (1) the note or notes evidencing the aforesaid original \$21,000,000 (upon which the accrued interest shall have been paid through the cutoff date referred to in subsection (d) of this section), and (2) the release to the Association of any and all rights

All 68 Stat. 615.

or claims which the United States might otherwise have or claim in and to the Association's capital, surplus, surplus reserves, and undistributed earnings, computed as of the close of the aforesaid cutoff date.

"(f) Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System or any member of the Federal Deposit Insurance Corporation, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to make payments to the Association of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock of the Association evidencing such capital contributions, and to hold or dispose of such stock, subject to the provisions of this title.

Legislation.
Recommendation
to President
and Congress.

"(g) As promptly as practicable after all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator shall transmit to the President for submission to the Congress recommendations for such legislation as may be necessary or desirable to make appropriate provisions to transfer to the owners of the outstanding common stock of the Association the assets and liabilities of the Association in connection with, and the control and management of, the secondary market operations of the Association under section 304 of this title in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

Infra.

"SECONDARY MARKET OPERATIONS

Ante, p. 612.

"SEC. 304. (a) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, at the market price for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

"(b) For the purposes of this section, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of obligations of the Association under this subsection outstanding at any one time shall not exceed ten times the sum of its capital, capital surplus, general surplus, reserves, and undis-

tributed earnings, and in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership pursuant to this section, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if (1) all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, or (2) such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than \$500,000,000 plus an amount equal to the total of such reductions in the maximum dollar amount prescribed by section 306 (c) as have theretofore been effected pursuant to that section: *Provided*, That such aggregate principal amount under this subsection (c) shall in no event exceed \$1,000,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

40 Stat. 288.
31 USC 774(2).

Post, p. 618.

"(d) The Association may not purchase participations or make any advance contracts or commitments to purchase mortgages for its operations under this section, except that the Association may, in the discretion of its board of directors, issue a purchase contract (which shall not be assignable or transferable except with the consent of the Association) in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder thereof to sell to the Association mortgages in the amount of the contract, upon such terms and conditions as the Association may prescribe.

"SPECIAL ASSISTANCE FUNCTIONS

"SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or

Ante, p. 612.

affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

“(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

“(c) The total amount of purchasers and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed \$200,000,000 outstanding at any one time: *Provided*, That notwithstanding such limitation, the President pursuant to subsection (a) of this section may also authorize the Association to exercise its powers to enter into commitments to purchase immediate participations and to make related deferred participation agreements as hereinafter in this subsection provided, but only to the extent that the total amount of such immediate participation commitments and purchases pursuant thereto (but not including the amount of any related deferred participation agreements or purchases pursuant thereto) shall not in any event exceed \$100,000,000 outstanding at any one time, and any such deferred participation agreements shall be made by the Association only on the basis of a commitment by it to purchase an immediate participation of a 20 per centum undivided interest in each mortgage and a related deferred participation agreement by the Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the right to foreclose.

“(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

40 Stat. 288.

31 USC 774(2).

"MANAGEMENT AND LIQUIDATING FUNCTIONS

"SEC. 306. (a) To carry out the purposes set forth in paragraph (c) of section 301, the Association is authorized and directed, as of the close of the cutoff date determined by the Association pursuant to section 303 (d) of this title, to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by preferred stock as provided in section 303 (d) hereof, but inclusive of all rights and obligations under any outstanding contracts), and to maintain such separate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section. Ante, p. 612.
Ante, p. 614.

"(b) For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed \$3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: *And provided further*, That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by Ante, p. 614.

All 68 Stat. 619.

the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection and subsection (e) of this section the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.

“(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

“(e) Of the \$3,650,000,000 total amount of investments, loans, purchases, and commitments heretofore authorized to be outstanding at any one time under this title III prior to the enactment of the Housing Act of 1954, a total of not to exceed \$300,000,000 shall be applicable as provided in section 305 of this title, and a total of not to exceed \$3,350,000,000 shall be applicable as provided in subsection (e) of this section.

“SEPARATE ACCOUNTABILITY

“SEC. 307. (a) The Association shall establish and at all times maintain separate accountability for (1) its secondary market operations authorized by section 304 hereof, (2) its special assistance functions authorized by section 305 hereof, and (3) its management and liquidating functions authorized by section 306 hereof.

“(b) With respect to the functions or operations of the Association under sections 305 and 306, respectively, of this title, (1) there shall be no recourse to the capitalization of the Association provided for by section 303 of this title, and (2) mortgage sellers shall not be required to make payment to the Association of the capital contributions provided for by section 303 (b) of this title.

“(c) All of the benefits and burdens incident to the administration of the functions and operations of the Association under sections 305 and 306, respectively, of this title, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the board of directors of the Association shall deem appropriate, shall inure solely to the Secretary of the Treasury, and such related earnings or other amounts as become available shall be paid annually by the Association to the Secretary of the Treasury for covering into miscellaneous receipts.

40 Stat. 288.
31 USC 774(2).

Ante., p. 616.

Ante., pp. 615,
616, 618.

Ante., pp. 616,
618.

Ante., p. 613.

Ante., pp. 616,
618.

"BOARD OF DIRECTORS

"SEC. 308. (a) The Association shall have a Board of Directors consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by said Administrator from among the officers or employees of the Association, of the immediate office of said Administrator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The basic rate of compensation of the position of president of the Association shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency. The members of the board, as such, shall not receive compensation for their services.

"GENERAL POWERS

"SEC. 309. (a) The Association shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; by its board of directors, to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that the Association may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of the purposes of the Association; and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(b) Except as may be otherwise provided in this title, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Association shall determine

59 Stat. 597.

31 USC 841 note.

All 68 Stat. 621.

the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

“(c) The Association, including its franchise, capital, reserves, surplus, mortgages, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that (1) any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed, and (2) the Association shall, with respect to its secondary market operations under section 304 after the cutoff date referred to in section 303 (d) of this title, pay annually to the Secretary of the Treasury, for covering into miscellaneous receipts, an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations.

Ante. pp. 615,
613.

“(d) The Chairman of the Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine, subject to the civil service and classification laws. Bonds may be required for the faithful performance of their duties, and the Association may pay the premiums therefor. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this title.

Prohibition.

Ante. p. 613.

“(e) No individual, association, partnership, or corporation, except the body corporate created by section 302 of this title, shall hereafter use the words ‘Federal National Mortgage Association’ or any combination of such words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$100 or imprisonment not exceeding thirty days, or both, for each day during which such violation is committed or repeated.

Penalty.

“(f) In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this title, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

“(g) The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Association in the general performance of its powers, and the Association shall reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

“INVESTMENT OF FUNDS

“SEC. 310. Moneys of the Association not invested in mortgages or in operating facilities shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.

"OBLIGATIONS OF ASSOCIATION LEGAL INVESTMENTS

"SEC. 311. All obligations issued by the Association shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

"SHORT TITLE

"SEC. 312. This title III may be referred to as the 'Federal National Mortgage Association Charter Act'."

SEC. 202. The Federal National Mortgage Association, established pursuant to the provisions of title III of the National Housing Act as in effect prior to July 1, 1948, and named in section 101 of the Government Corporation Control Act, as amended, shall be the body corporate referred to in section 302 of title III of the National Housing Act, as amended by the Housing Act of 1954. 59 Stat. 597.
31 USC 846.
Ante, p. 613.

SEC. 203. The penultimate sentence of paragraph Seventh of section 5136 of the Revised Statutes, as amended, is hereby amended by striking "or obligations of national mortgage associations" and inserting "or obligations of the Federal National Mortgage Association". 12 USC 24.

SEC. 204. (a) Subsection (h) of section 11 of the Federal Home Loan Bank Act, as amended, is hereby amended by inserting after "in obligations of the United States" a comma and the following: "in obligations of the Federal National Mortgage Association,". 47 Stat. 734.
12 USC 1431.
The last sentence of section 16 of said Act is amended by inserting after "in direct obligations of the United States" a comma and the following: "in obligations of the Federal National Mortgage Association,". 12 USC 1436.

(b) The first paragraph of subsection (c) of section 5 of the Home Owners' Loan Act of 1933, as amended, is hereby amended by inserting in the second proviso before the colon and after "Federal Home Loan Bank" the following: "or in the obligations of the Federal National Mortgage Association". 48 Stat. 132.
12 USC 1464.

SEC. 205. Subsection (b) of section 2 of the Alaska Housing Act, as amended, is hereby repealed. Repeals.
63 Stat. 58.
48 USC 484e.

SEC. 206. Public Law 243, Eighty-second Congress, approved October 30, 1951, as amended, is hereby repealed. Subsection (a) of section 608 of Public Law 139, Eighty-second Congress, approved September 1, 1951, is hereby repealed. 65 Stat. 699,
315.
12 USC 1716-1,
1716a.

SEC. 207. The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan Numbered 22 of 1950, together with the notes and capital stock of the Federal National Mortgage Association held by said Administrator thereunder, are hereby transferred to the Federal National Mortgage Association. 64 Stat. 1277.
12 USC 1716
note.

TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

SEC. 301. The heading of title I of the Housing Act of 1949, as amended, is hereby amended to read "TITLE I—SLUM CLEARANCE AND URBAN RENEWAL". 63 Stat. 416.
42 USC 1451-
1460.

SEC. 302. Title I of said Act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

"URBAN RENEWAL FUND

"SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 102 and 103 hereof shall constitute a fund, to be known as the 'Urban Renewal Fund', and shall be available for ad- Post, p. 624.

vances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund."

42 USC 1451.

SEC. 303. Section 101 of said Act, as amended, is hereby amended to read as follows:

Local programs.

"SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

"(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

Requirements.

"(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (i) of paragraph (1) of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property is in a community referred to in clause (2) of section 221 (a) of said Act: *And provided further*,

50 Stat. 888.

42 USC 1430.

Ante, pp. 596,
599.

That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105 (c) of this title have been met.

Ante, p. 599.

Post, p. 625.

“(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs.”

Urban renewal service.

SEC. 304. Section 102 of said Act, as amended, is hereby amended— 42 USC 1452.

(1) by amending the first sentence in subsection (a) to read as follows: “To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects.”;

Temporary and definitive plans.

(2) by inserting in the second sentence of subsection (a) before the word “expenditures” the word “estimated” and by inserting after the word “bonds” the words “or other obligations”;

(3) by striking out “new uses of land in the project area” at the end of the first sentence of subsection (b) and inserting “new uses of such land in the project area”;

(4) by striking out the words “bear interest as such rate” in the second sentence of subsection (b) and inserting “bear interest at such rate”; and

(5) by amending subsection (d) to read as follows:

“(d) The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of

Advances for surveys and plans.

Repayment.

Application.

the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds."

42 USC 1453.

SEC. 305. Subsection (a) of section 103 of said Act, as amended, is hereby amended to read as follows:

Capital grants.

"(a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project."

42 USC 1454.

Local grants-in-aid.

SEC. 306. Section 104 of said Act, as amended, is hereby amended by striking "section 110 (f) of land" and inserting "section 110 (f) of the property".

42 USC 1455.

Loans or capital grants.

Requirements.

SEC. 307. Section 105 of said Act, as amended, is hereby amended—

(1) by striking "Contracts for financial aid" and inserting "Contracts for loans or capital grants";

(2) by amending subsections (a) and (b) to read as follows:

"(a) The urban renewal plan (including any redevelopment plan constituting a part thereof) for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;

"(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided*, That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon;"

(3) by striking the word "project" wherever it appears in subsection (c) and inserting the term "urban renewal"; and

(4) by striking out the proviso at the end of subsection (c), and substituting a period for the colon preceding said proviso.

42 USC 1456.

SEC. 308. Section 106 of said Act, as amended, is hereby amended by inserting the following proviso before the period at the end of subsection (b): "*Provided*, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being

Audit and inspection fees.

Obligation of purchasers, etc.

Approval plan.

planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made".

SEC. 309. Section 107 of said Act, as amended, is hereby amended by striking out the words "redevelopment plan" and inserting "urban renewal plan". 42 USC 1457.

SEC. 310. Section 109 of said Act, as amended, is hereby amended to read as follows: 42 USC 1459.

"SEC. 109. In order to protect labor standards—

Protection of labor standards.

"(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and 40 USC 276a-276a-5.

"(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title." 62 Stat. 740; 48 Stat. 948.

SEC. 311. Section 110 of said Act, as amended, is hereby amended to read as follows: 42 USC 1460.

"SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number: Definitions.

"(a) 'Urban renewal area' means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project. "Urban renewal areas."

"(b) 'Urban renewal plan' means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this plan." "Urban renewal plan." Ante, p. 623,

"Urban renewal project."

section, a redevelopment plan approved by the governing body of the locality.

"(c) 'Urban renewal project' or 'project' may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. For the purposes of this subsection, 'slum clearance and redevelopment' may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated, or deteriorating area shall not be applicable in the case of an open land project: *And provided further*, That financial assistance shall not be extended under this title for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 per centum of the total amount of capital grants authorized by this title; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection, 'rehabilitation' or 'conservation' may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

"Project."

"For the purposes of this title, the term 'project' shall not include the construction or improvement of any building, and the term 'rede-

development' and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term 'project' shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof. Ante, p. 626.

"(d) 'Local grants-in-aid' shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing, public facilities financed by special assessments against land in the project area, and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed and completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid."

"(e) 'Gross project cost' shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash."

"(f) 'Net project cost' shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed,

on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

"Going Federal rate."

"(g) 'Going Federal rate' means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is approved by the Administrator, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

"Local public agency."

"(h) 'Local public agency' means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought. 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

"Land."

"(i) 'Land' means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

"Administrator."

"(j) 'Administrator' means the Housing and Home Finance Administrator."

Completion of prior projects.

SEC. 312. Notwithstanding the amendments of this title to title I of the Housing Act of 1949, as amended, the Administrator, with respect to any project covered by any Federal aid contract executed, or prior approval granted, by him under said title I before the effective date of this Act, upon request of the local public agency, shall continue to extend financial assistance for the completion of such project in accordance with the provisions of said title I in force immediately prior to the effective date of this Act.

Repeals.

SEC. 313. The provisos with respect to the appropriation for capital grants for slum clearance and urban redevelopment contained in title I of the First Independent Offices Appropriation Act, 1954 (Public Law 176, Eighty-third Congress) and in title I of the Independent Offices Appropriation Act, 1955 (Public Law 428, Eighty-third Congress) are hereby repealed.

67 Stat. 305.

Ante, p. 283.

Grants for testing and reporting methods, etc.

SEC. 314. The Housing and Home Finance Administrator is authorized to make grants, subject to such terms and conditions as he shall prescribe, to public bodies, including cities and other political subdivisions, to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight. No such grant shall exceed two-thirds of the cost, as determined or estimated by said Administrator, of such activities or undertakings. In administering this section, said Administrator shall give preference to

Limitation.

those undertakings which in his judgment can reasonably be expected to (1) contribute most significantly to the improvement of methods and techniques for the elimination and prevention of slums and blight, and (2) best serve to guide renewal programs in other communities. Said Administrator may make advance or progress payments on account of any grant contracted to be made pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended. The aggregate amount of grants made under this section shall not exceed \$5,000,000 and shall be payable from the capital grant funds provided under and authorized by section 103 (b) of the Housing Act of 1949, as amended.

Advances.
31 USC 529.
Limitation.
42 USC 1453.

Sec. 315. Section 19 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended by striking "\$2,000" in subsection (a) and subsection (b) and inserting in each instance "\$2,500 unless insured as provided in title I of the National Housing Act, as amended".

D. C. urban re-
newal activ-
ities.
60 Stat. 801.
D. C. Code
5-717.
D. C. Code
5-718.

Sec. 316. Section 20 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended—

(1) by striking "1949" wherever it appears in said section and inserting "1949, as amended": *Provided*, That this clause (1) shall not limit or restrict any authority under said section 20; and

(2) by adding the following new subsections at the end of said section:

"(i) In addition to its authority under any other provision of this Act, the Agency is hereby authorized to plan and undertake urban renewal projects (as such projects are defined in title I of the Housing Act of 1949, as amended), and in connection therewith the Agency, the District Commissioners, the National Capital Planning Commission, and the other appropriate agencies operating within the District of Columbia shall have all of the rights and powers which they have with respect to a project or projects financed in accordance with the preceding subsections of this section: *Provided*, That for the purpose of this subsection the word 'redevelopment' wherever found in this Act (except in section 3 (n)) shall mean 'urban renewal', and the references in section 6 to the acquisition, disposition, or assembly of real property for a project shall mean the undertaking of an urban renewal project.

"(j) The District Commissioners are hereby authorized to prepare a workable program as prescribed by section 101 (c) of the Housing Act of 1949, as amended, and are also authorized to request the necessary funds for the preparation of said workable program. The Commissioners may request the participation of the Agency in the preparation of said workable program and may include in their annual estimates of appropriations such funds as may be required by the Commissioners or the Agency, or both, for this purpose. The District Commissioners are hereby authorized, with or without reimbursement, to cooperate with the Agency in carrying out urban renewal projects and to utilize for that purpose the facilities and personnel of the District of Columbia under agreement with the Agency."

Program prepara-
tion.
Ante, p. 623.

TITLE IV—LOW-RENT PUBLIC HOUSING

Sec. 401. The United States Housing Act of 1937, as amended, is hereby amended—

50 Stat. 889.
42 USC 1430.
42 USC 1410.

(1) by adding at the end of section 10 the following new subsection:

"(i) Notwithstanding the provisions of any other law, the Public Housing Administration may, with respect to low-rent housing projects initiated after March 1, 1949, enter into new contracts, agree-

Additional
units.

All 68 Stat. 631.

42 USC 1430.
Certification.

Ante, p. 622.

Ante, p. 625.
Limitation.

Preferences for
admission.

Low income
families.
42 USC 1415.

42 USC 1410.
Exemption of
property from
taxes.

Payments in
lieu of taxes.

ments, or other arrangements during the fiscal year 1955 for loans and annual contributions pursuant to the United States Housing Act of 1937, as amended, with respect to not exceeding thirty-five thousand additional units: *Provided*, That no such new contract, agreement, or other arrangement shall be made except with respect to low-rent housing projects to be undertaken in a community in which there is being carried out a slum clearance and urban redevelopment project, or a slum clearance and urban renewal project, assisted under title I of the Housing Act of 1949, as amended, and the local governing body of the community undertaking such slum clearance and urban redevelopment project, or slum clearance and urban renewal project, certifies that such low-rent housing project is necessary to assist in meeting the relocation requirements of section 105 (c) of title I of the Housing Act of 1949, as amended: *And provided further*, That the total number of dwelling units in low-rent housing projects covered by such new contracts, agreements, or other arrangements shall not exceed the total number of such dwelling units which the Administrator determines to be needed for the relocation of families to be displaced as a result of Federal, State, or local governmental action in such community.”;

(2) by striking from subsection 10 (g) the words following the colon up to and including the words “such families” and inserting the following: “First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: *Provided*, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: *And provided further*, That, as among families within any such preference group”;

(3) by striking the words “or was to be displaced by another low-rent housing project or by a public slum-clearance or redevelopment project” in clause (ii) of subsection 15 (8) (b) and inserting the following: “or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units”; and

(4) by striking the words “not later than five years after March 1, 1949” in subsection 15 (8) (b) and inserting “not later than March 1, 1959”.

SEC. 402. Subsection 10 (h) of said Act, as amended, is hereby amended to read as follows:

“(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this Act, or (iii) is due to failure of a local public

body or bodies other than the public housing agency to perform any obligation under such agreement: *Provided*, That, if at the time such agreement for local cooperation is entered into it appears that such 10 per centum payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivisions in which the project is situated of at least 20 per centum of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 per centum: *Provided further*, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project or (ii) 20 per centum of the annual contributions paid by the Authority (but not in excess of the taxes levied): *And provided further*, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection.”

Sec. 403. Section 10 of said Act, as amended, is hereby amended by adding the following new subsection:

“(j) Every contract made pursuant to this Act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

“(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection, (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

“(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in

Limitation.

State contri-
bution.

Notification of
estimates.

Annual report.
Prior contract
amendment.

Self-liquidation.

All 68 Stat. 633.

clause 1 (a) of this subsection: *Provided*, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project.”

42 USC 1416(6). SEC. 404. Paragraph (6) of section 16 of said Act, as amended, is hereby repealed.

Repeal of labor reporting requirement.

42 USC 1410. GAO audit and settlement. 42 Stat. 20. 31 USC 1.

SEC. 405. Section 10 of the United States Housing Act of 1937, as amended, is hereby amended by adding the following subsection:

“(k) All expenditures of appropriations for the payment of annual contributions shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.”

SEC. 406. Section 10 of said Act, as amended, is hereby amended by adding the following new subsection:

Sale to private ownership.

“(1) In any community where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause numbered (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project.”

TITLE V—HOME LOAN BANK BOARD

Federal Savings and Insurance Corp. 12 USC 1725. Service of process.

SEC. 501. The National Housing Act, as amended, is hereby amended—

(1) by amending section 402 (c) (4) to read as follows:

“(4) To sue and be sued, complain and defend, in any court of competent jurisdiction in the United States or its Territories or possessions or the Commonwealth of Puerto Rico, and may be served by serving a copy of process on any of its agents or any agent of the Home Loan Bank Board and mailing a copy of such process by registered mail to the Corporation at Washington, District of Columbia.”;

12 USC 1728.

Claims.

Statute of limitations.

(2) by adding the following new subsection to section 405:

“(c) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of three years from the date of default unless, within such three-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the Corporation and its validity denied, in which event the action may be brought within two years from the date of such denial.”; and

12 USC 1730.

Termination of insurance.

(3) by striking the first four sentences of section 407 and inserting the following: “Any insured institution other than a Federal savings and loan association may terminate its status as an insured institution by written notice to the Corporation. Whenever in the opinion of the Home Loan Bank Board any insured institution has violated its duty as such or has continued unsafe or unsound practices in conducting the business of such

institution, or has knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured institution is subject, said Board shall first give to the authority having supervision of the institution, if any, a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the institution. In the case of an institution of a State where there is no supervisory authority the statement shall be sent directly to the institution. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the supervisory authority, if any, shall require, the Home Loan Bank Board, if it shall determine to proceed further, shall give to the institution not less than thirty days' written notice of intention to terminate the status of the institution as an insured institution, and shall fix a time and place for a hearing before the Home Loan Bank Board, a member thereof, or a person designated by the Board. The Home Loan Bank Board shall make written findings. Unless the institution shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured institution. If the Home Loan Bank Board shall find that any unsafe or unsound practice or violation specified in such notice has been established and has not been corrected within the time above prescribed in which to make such correction, the Home Loan Bank Board may issue its order terminating the insured status of the institution effective on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The hearing hereinabove provided for shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. In the event of the termination of such status, insurance of its accounts to the extent that they were insured on the date of such notice by the institution to the Corporation or such order of termination, less any amounts thereafter withdrawn, repurchased, or redeemed which reduce the insured accounts of an insured member below the amount insured on the date of such notice or order, shall continue for a period of two years, but no investments or deposits made after the date of such notice or order of termination shall be insured. The Corporation shall have the right to examine such institution from time to time during the two-year period aforesaid. Such insured institution shall be obligated to pay, within thirty days after any such notice or order of termination, as a final insurance premium, a sum equivalent to twice the last annual insurance premium paid by it."

Hearing.

60 Stat. 237.
5 USC 1001 note.

SEC. 502. The Federal Home Loan Bank Act, as amended, is hereby amended by striking "\$20,000" in section 10 (b) (2) and inserting

12 USC 1430.
Home mortgage
as security.

"\$35,000".

SEC. 503. The Home Owners' Loan Act of 1933, as amended, is hereby amended—

(1) by striking "\$20,000" wherever it appears in the first paragraph of subsection (c) of section 5 and inserting "\$35,000";

12 USC 1464.

(2) by amending subsection (d) of section 5 to read as follows:

"(d) (1) The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or rules and regulations made hereunder, or any other law or regulation, and in the administration of conservatorships and receiverships as provided in subsection (d) (2) hereof, the Board is authorized to act in its own

Enforcement.
Rules and
Regulations.

Hearing.

60 Stat. 237.
5 USC 1001
note.

U. S. district
court.
Jurisdiction.

Conservators
and receivers.
Appointment.

name and through its own attorneys. The Board shall have power to sue and be sued, complain and defend in any court of competent jurisdiction in the United States or its territories or possessions or the Commonwealth of Puerto Rico. It shall by formal resolution state any alleged violation of law or regulation and give written notice to the association concerned of the facts alleged to be such violation, except that the appointment of a Supervisory Representative in Charge, a conservator or a receiver shall be exclusively as provided in subsection (d) (2) hereof. Such association shall have thirty days within which to correct the alleged violation of law or regulation and to perform any legal duty. If the association concerned does not comply with the law or regulation within such period, then the Board shall give such association twenty days' written notice of the charges against it and of a time and place at which the Board will conduct a hearing as to such alleged violation of duty. Such hearing shall be in the Federal judicial district of the association unless it consents to another place and shall be conducted by a hearing examiner as is provided by the Administrative Procedure Act. The Board or any member thereof or its designated representative shall have power to administer oaths and affirmations and shall have power to issue subpoenas and subpoenas duces tecum, and shall issue such at the request of any interested party, and the Board or any interested party may apply to the United States district court of the district where such hearing is designated for the enforcement of such subpoena or subpoena duces tecum and such courts shall have power to order and require compliance therewith. A record shall be made of such hearing and any interested party shall be entitled to a copy of such record to be furnished by the Board at its reasonable cost. After such hearing and adjudication by the Board, appeals shall lie as is provided by the Administrative Procedure Act, and the review by the court shall be upon the weight of the evidence. Upon the giving of notice of alleged violation of law or regulation as herein provided, either the Board or the association affected may, within thirty days after the service of said notice, apply to the United States district court for the district where the association is located for a declaratory judgment and an injunction or other relief with respect to such controversy, and said court shall have jurisdiction to adjudicate the same as in other cases and to enforce its orders. The Board may apply to the United States district court of the district where the association affected has its home office for the enforcement of any order of the Board and such court shall have power to enforce any such order which has become final. The Board shall be subject to suit by any Federal savings and loan association with respect to any matter under this section or regulations made thereunder, or any other law or regulation, in the United States district court for the district where the home office of such association is located, and may be served by serving a copy of process on any of its agents and mailing a copy of such process by registered mail, to the Home Loan Bank Board, Washington, District of Columbia.

"(2) The grounds for the appointment of a conservator or receiver for a Federal savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any

examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint ex parte and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner removed by the Board, such Supervisory Representative in Charge shall hold office until a conservator or receiver, appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for six months, or until thirty days after the termination of the administrative hearing and final proceedings herein provided, or until sixty days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such appointment of a conservator or receiver shall be made except pursuant to a formal resolution of the Board stating the grounds therefor and except notice thereof is given to said association stating the grounds therefor and until an opportunity for an administrative hearing thereon is afforded to said association. Such hearing shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. A conservator shall have all the powers of the members, the directors, and officers of the Federal association and shall be authorized to operate it in its own name or conserve its assets in the manner and to the extent authorized by the Board. The Board shall appoint only the Federal Savings and Loan Insurance Corporation as receiver for any Federal savings and loan association, which shall have power as receiver to buy at its own sale subject to approval by the Board. With the consent of the association expressed by a resolution of the board of directors or of its members, the Board is authorized to appoint a conservator or receiver for a Federal association without notice and without hearing. The Board shall have power to make rules and regulations for the reorganization, merger, and liquidation of Federal associations and for such associations in conservatorship and receivership and for the conduct of conservatorships and receiverships. Whenever a Supervisory Representative in Charge, conservator, or receiver, appointed by the Board pursuant to the provisions of this section, demands possession of the property, business and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than \$1,000 or by imprisonment for not more than one year or both by such fine and imprisonment.”; and

Supervisory
Representative
in Charge.
Appointment.

60 Stat. 537.
5 USC 1001 note.
Powers.

Violation.

Penalty.

(3) by striking out the second paragraph of subsection (c) of section 5 and inserting in lieu thereof the following new paragraph:

“Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 per centum of the assets of such association in loans insured under title I of the National Housing Act, as amended, in unsecured loans insured or guaranteed under the provisions of the Servicemen’s Readjustment Act of 1944, as

Investment of
assets

58 Stat. 284.
38 USC 693 note.

amended, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of \$2,500."

TITLE VI—VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

DECLARATION OF POLICY

SEC. 601. It is declared to be the policy of Congress—

(a) to seek the constant improvement of the living conditions of all the people under a strong, free, competitive economy, and to take such action as will facilitate the operation of that economy to provide adequate housing for all the people and to meet the demands for new building;

(b) to provide a means of financing housing within the framework of our private enterprise system and without vast expenditures of public moneys;

(c) to encourage and facilitate the flow of funds for housing credit into remote areas and small communities, where such funds are not available in adequate supply; and

(d) to assist in the development of a program consonant with sound underwriting principles, whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic stability and growth of the Nation through extension of the market for insured or guaranteed mortgage loans.

DEFINITIONS

SEC. 602. As used in this title, the following terms shall have the meanings respectively ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

(a) "Insured or guaranteed mortgage loan" means any loan made for the construction or purchase of a family dwelling or dwellings and which is (1) guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended, or (2) secured by a mortgage insured under the National Housing Act, as amended.

(b) "Private financing institutions" means life-insurance companies, savings banks, commercial banks, savings and loan associations (including cooperative banks, homestead association, and building and loan associations), and mortgage companies.

(c) "Administrator" means the Housing and Home Finance Administrator.

(d) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION COMMITTEE

SEC. 603. There is hereby established a National Voluntary Mortgage Credit Extension Committee, hereinafter called the "National Committee", which shall consist of the Housing and Home Finance Administrator, who shall act as Chairman of the National Committee, and fourteen other persons appointed by the Administrator as follows:

(a) Two representatives of each type of private financing institutions;

(b) Two representatives of builders of residential properties; and

(c) Two representatives of real estate boards.

The Administrator shall also request the Board of Governors of the Federal Reserve System to designate a representative of the Board to serve on the National Committee in an advisory capacity.

The Administrator shall also request the Administrator of Veterans' Affairs to designate a representative to serve on the National Committee in an advisory capacity.

The Administrator shall also request the Home Loan Bank Board to designate a representative of the Board to serve on the National Committee in an advisory capacity.

In selecting and appointing the members of the National Committee, the Administrator shall have due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Members of the National Committee appointed by the Administrator shall serve on a voluntary basis.

REGIONAL SUBCOMMITTEES

SEC. 604. (a) As soon as practicable, the National Committee shall divide the United States into regions conforming generally to the Federal Reserve districts. The Administrator, after consultation with the other members of the National Committee, shall, for each such region, designate five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans as hereinafter set forth. In designating the members of each such regional subcommittee, the Administrator shall have due regard to fair representation thereon for small, medium, and large financing institutions and builders of residential properties and for different geographical areas within such regions. Members of each regional subcommittee shall serve on a voluntary basis.

(b) The Administrator is authorized and directed, upon the request of a regional subcommittee, to provide such subcommittee with a suitable office and meeting place and to furnish to the subcommittee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions hereinafter set forth. In complying with these requirements, the Administrator may act through and may utilize the services of the several Federal home-loan banks.

FUNCTION OF NATIONAL COMMITTEE AND OF REGIONAL SUBCOMMITTEES

SEC. 605. It shall be the function of the National Committee and the regional subcommittees to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles.

SEC. 606. The National Committee shall study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and shall receive reports from and correlate the activities of the regional subcommittees. It shall also periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the National Committee and regional subcommittees in performing their function, and shall to the extent practicable maintain liaison with State and local Government housing officials in

Report to Congress.

Regional committees.

12 USC 1701.

58 Stat. 284.
38 USC 693
note.

order that they may be fully apprized of the function and work of the National Committee and regional subcommittees. The Administrator shall, not later than April 1 in each year, make a full report of the operations of the National Committee and the regional subcommittees to the Congress.

SEC. 607. (a) Each regional subcommittee shall study and review the demand and supply of funds for residential mortgage loans in its region, shall analyze cases of unsatisfied demand for mortgage credit and shall report to the National Committee the results of its study and analysis. It shall also maintain liaison with officers of the Federal Housing Administration and of the Veterans' Administration within its region in order that such officers may be fully apprized of the function and work of the National Committee and regional subcommittees. It shall request such officers to supply to the subcommittee information regarding cases of unsatisfied demand for mortgage credit for loans eligible for insurance under the National Housing Act, as amended, or for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended. Such officers are authorized to furnish such information to such subcommittee.

(b) A regional subcommittee shall render assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

(3) the applicant is eligible for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended, or consents that the mortgage to be issued as security for the loan be insured under the National Housing Act, as amended.

Upon receipt of such certification from an applicant the regional subcommittee shall circularize private financing institutions in the region or elsewhere and shall use its best efforts to enable the applicant to place the loan with a private financing institution. It shall render similar assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of information from the Veterans' Administration to the effect that the applicant has applied for a direct loan, if he is eligible for such a loan, and that he is eligible for insurance or guaranty, under the Servicemen's Readjustment Act of 1944, as amended. In order to encourage small or local private financing institutions to originate insured or guaranteed mortgage loans, it may also render similar assistance to private financing institutions in locating other private financing institutions willing to repurchase such mortgage loans on a mutually satisfactory basis.

(c) In the performance of its responsibilities under subsection (b) of this section, a regional subcommittee may at its discretion (1) request the National Committee to obtain for it the aid of other regional subcommittees in seeking sources of mortgage credit, and (2) request and obtain voluntary assurances from any one or more private financing institutions that they will make funds available for insured or guaranteed mortgage loans in any specified area or areas within its region in which the subcommittee finds that there is a lack of adequate credit facilities for such loans.

REGULATIONS OF ADMINISTRATOR

SEC. 608. The Administrator, after consultation with the National Committee, shall have power to issue general rules and procedures for the effective implementation of this title and for the functioning of the regional subcommittees, pursuant to the provisions hereof and not in conflict herewith.

GENERAL PROVISIONS

SEC. 609. No act pursuant to the provisions of this title and which occurs while this title is in effect shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. Service as a member of the National Committee or of any regional subcommittee is not to be construed as holding any office or employment with the Government of the United States. The Administrator is authorized and directed, upon the request of the National Committee, to provide such Committee with a suitable office and meeting place and to furnish to the Committee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions of such Committee. Funds available to the Administrator for administrative expenses shall be available for all expenses necessary in carrying out the provisions of this title, including expenses of persons serving as members of any committee or subcommittee established pursuant to this title for communications, transportation, and not to exceed \$25 per diem in lieu of subsistence when away from their homes or regular places of business in connection with the business of such committee or subcommittee.

SEC. 610. (a) This title and all authority conferred hereunder shall terminate at the close of June 30, 1957.

(b) Notwithstanding subsection (a), Congress, by concurrent resolution, may terminate this title prior to the termination date hereinabove provided for.

TITLE VII—URBAN PLANNING AND RESERVE OF
PLANNED PUBLIC WORKS

URBAN PLANNING

SEC. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning. Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$5,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

RESERVE OF PLANNED PUBLIC WORKS

Advances.	SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain a continuing and adequate reserve of planned public works the construction of which can rapidly be commenced whenever the economic situation may make such action desirable, and (2) to attain maximum economy and efficiency in the planning and construction of local, State, and Federal public works, the Administrator is hereby authorized, during the period of three years commencing on July 1, 1954, to make advances to public agencies from funds available under this section (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: <i>Provided</i> , That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned.
31 USC 529.	
Requirement.	(b) No advance shall be made hereunder with respect to any individual project unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.
Planning account.	
Repayment.	(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: <i>Provided</i> , That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency. All sums so repaid shall be covered into the Treasury as miscellaneous receipts.
Rules and regulations.	(d) The Administrator is authorized to prescribe rules and regulations to carry out the purposes of this section.
Appropriation.	(e) There is hereby authorized to be appropriated not exceeding \$10,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended: <i>Provided</i> , That not to exceed 1 per centum of the funds appropriated under this section may be used for the purpose of surveying the status and current volume of advanced public works planning among the several States and their subdivisions, such surveys to be carried out by the Administrator in cooperation with the Council of Economic Advisers in the Executive Office of the President. Not more than 5 per centum of the funds so appropriated shall be expended in any one State.

DEFINITIONS

SEC. 703. As used in this title, (1) the term "State" shall mean any State, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States; (2) the term "Administrator" shall mean the Housing and Home Finance Administrator; (3) the term "public works" shall include any public works other than housing; and (4) the term "public agency" or "public agencies" shall mean any State, as herein defined, or any public agency or political subdivision therein.

TITLE VIII—MISCELLANEOUS PROVISIONS

SEC. 801. (a) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for not more than a four-family residence and which is approved for mortgage insurance or guaranty prior to the beginning of construction, the seller or builder, and such other person as may be required by the said Commissioner or Administrator to become warrantor, shall deliver to the purchaser or owner of such property a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) on which the Federal Housing Commissioner or the Administrator of Veterans' Affairs based his valuation of the dwelling: *Provided*, That the Federal Housing Commissioner or the Administrator of Veterans' Affairs shall deliver to the builder, seller, or other warrantor his written approval (which shall be conclusive evidence of such approval) of any amendment of, or change or variation in, such plans and specifications which the Commissioner or the Administrator deems to be a substantial amendment thereof, or change or variation therein, and shall file a copy of such written approval with such plans and specifications: *Provided further*, That such warranty shall apply only with respect to such instances of substantial nonconformity to such approved plans and specifications (including any amendments thereof, or changes or variations therein, which have been approved in writing, as provided herein, by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) as to which the purchaser or homeowner has given written notice to the warrantor within one year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs: *Provided further*, That such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument: *And provided further*, That the provisions of this section shall apply to any such property covered by a mortgage insured or guaranteed by the Federal Housing Commissioner or the Administrator of Veterans' Affairs on and after October 1, 1954, unless such mortgage is insured or guaranteed pursuant to a commitment therefor made prior to October 1, 1954.

(b) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are further directed to permit copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided herein) for dwellings in connection with which warranties are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, homeowner, or warrantor during such hours or periods of time as the said Commissioner and Administrator may determine to be reasonable.

SEC. 802. (a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year.

(b) Section 311 of "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended; section 6 of "An Act to provide for the advance planning of non-Federal public works", approved October 13,

Warranty re-
quirements.

Availability of
plans and
specifications.

Report to
President and
Congress.

Repeals.
54 Stat. 1128;
55 Stat. 363.
42 USC 1551.
63 Stat. 842.
40 USC 456.

All 68 Stat. 643.

- 12 USC 1706, 1949, as amended; and sections 5 and 402 (f) of the National Housing
1725(f). Act, as amended, are hereby repealed.
- (c) The National Housing Act, as amended, is hereby amended—
(1) by striking the heading "ANNUAL REPORT" immediately after
12 USC 1705. section 4 and inserting "TAXATION"; and
12 USC 1729. (2) by striking from subsection (e) of section 406 the word
"Congress" and inserting "Housing and Home Finance Admin-
istrator".
- Annual report. (d) The first sentence of section 7 (b) of the United States Housing
42 USC 1407. Act of 1937, as amended, is hereby amended to read as follows: "The
annual report of the Housing and Home Finance Administrator to the
President for submission to the Congress on the operations of the
Housing and Home Finance Agency shall include a report on the
operations and expenses of the Authority, including loans, contribu-
tions, and grants made or contracted for, low-rent housing and slum
clearance projects undertaken, and the assets and liabilities of the
Authority."
- 42 USC 1456. (e) Section 106 (a) of the Housing Act of 1949, as amended, is
hereby amended by striking "; and" at the end of paragraph (3)
thereof, inserting a period in lieu thereof, and striking paragraph (4).
- 12 USC 1440. (f) The Federal Home Loan Bank Act, as amended, is hereby
amended by striking the second sentence of section 20.
- 38 USC 694a. Sec. 803. Section 501 (b) of the Servicemen's Readjustment Act of
Home loan 1944, as amended, is hereby amended to read as follows:
guarantee. "(b) Any loan made to a veteran for the purposes specified in sub-
38 USC 694. subsection (a) of this section 501 may, notwithstanding the provisions of
subsection (a) of section 500 of this title relating to the percentage or
aggregate amount of loan to be guaranteed, be guaranteed, if otherwise
made pursuant to the provisions of this title, in an amount not exceed-
Limitation. ing 60 per centum of the loan: *Provided*, That the aggregate amount
of any guaranties to a veteran under this title shall not exceed \$7,500,
nor shall any gratuities payable under subsection (c) of section 500
of this title exceed the amount which is payable on loans guaranteed
in accordance with the maxima provided for in subsection (a) of
section 500 of this title: *And provided further*, That no such loan for
the repair, alteration, or improvement of property shall be insured or
guaranteed under this Act unless such repair, alteration, or improve-
ment substantially protects or improves the basic livability or utility
of the property involved."
- 40 USC 459. Sec. 804. Section 108 of the Reconstruction Finance Corporation
Liquidation Act (67 Stat. 230) is amended as follows:
(1) Strike out from subsection (a) thereof the words "the President
through such officer or agency of the Government (other than the
Reconstruction Finance Corporation) as he may designate," and
insert in lieu thereof the words "the Housing and Home Finance
Administrator".
- 40 USC 459. (2) Strike out all of subsection (b) and insert in lieu thereof the
following:
Revolving fund. "(b) For the purposes of this section, notwithstanding any other
provision of law, the Housing and Home Finance Administrator is
authorized to obtain from a revolving fund to be established in the
Treasury of the United States not to exceed a total of \$50,000,000
Appropriation. outstanding at any one time. For this purpose there is hereby author-
ized to be appropriated to such revolving fund in the Treasury the
Advances. amount of \$50,000,000. Advances from the revolving fund shall be
made to the Housing and Home Finance Administrator upon his
request, and such advances together with receipts under this section
shall be available for all necessary expenses, including administrative
Interest. expenses, under this section. The Housing and Home Finance Admin-

Administrator shall pay into the Treasury as miscellaneous receipts, at the close of each fiscal year, interest on the amount of advances outstanding, at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities. As the Housing and Home Finance Administrator repays principal sums advanced from the revolving fund pursuant to this section, such repayments shall be made to the revolving fund."

(3) Strike out from subsection (c) thereof the words "officer 40 USC 459. or agency designated by the President" and insert in lieu thereof the Powers. words "Housing and Home Finance Administrator".

(4) Strike out from subsection (d) thereof "1955" and insert in Termination. lieu thereof "1956".

SEC. 805. The Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended, is hereby amended—

(1) by adding the following at the end of section 605 (a): 64 Stat. 59.
"In any city in which, on March 1, 1953, there were more than ten 42 USC 1585.
thousand temporary housing units held by the United States of Amer- Temporary war
ica, or in any two contiguous cities in one of which there were on such housing.
date more than ten thousand temporary housing units so held, the Disposal.
Administrator may acquire, by purchase or condemnation, a fee simple title to any lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will expedite the disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, (2) the city or a local public agency has, in accordance with authority under State law, entered into a firm agreement to purchase the land so acquired at a price determined by the Administrator to be fair, but in no event less than the estimated cost to the Federal Government of acquiring the fee simple title (including an estimated amount to cover legal and overhead expenses of such acquisition) as determined by the Administrator, (3) the city or local public agency has furnished evidence satisfactory to the Administrator that it has or will have funds available to make all agreed-upon payments to the Federal Government and to protect the Federal Government against any loss resulting from the acquisition of fee simple title, (4) the city or local public agency has furnished assurances satisfactory to the Administrator that the land will be made available to private enterprise for development, in accordance with local zoning and other laws, for predominantly residential uses, and (5) the city or local public agency has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date.";

(2) by adding the following new subsection at the end of section 607:

"(g) The Administrator may dispose of any permanent war housing. Disposal.
without regard to the preferences in subsections (b) and (c) of this

All 68 Stat. 645.

12 USC 1701j
note.

San Diego,
Calif.
Transfer of cer-
tain housing to
Indians.

65 Stat. 304.
42 USC 1592a.

Sale of tem-
porary housing.

42 USC 1592e.

63 Stat. 377.
40 USC 471 note.

12 USC 1701h.

Advisory com-
mittees.

62 Stat. 697,
793.

60 Stat. 808.
Transfer of
school facil-
ities.
64 Stat. 967.
20 USC 272.

section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said Act.”; and

(3) by adding the following new section at the end of title VI
“SEC. 613. Upon a certification by the Secretary of the Interior that any surplus housing, classified by the Administrator as demountable, in the area of San Diego, California, is needed to provide dwelling accommodations for members of a tribe of Indians in Riverside County or San Diego County or Imperial County, California, the Administrator is hereby authorized, notwithstanding any other provision of law, to transfer and convey such housing without consideration to such tribe, the members thereof, or the Secretary of the Interior in trust therefor, as the Secretary may prescribe: *Provided*, That the term housing as used in this section shall not include land.”

SEC. 800. Subsection 302 (b) of Public Law 139, 82d Congress, as amended, is hereby amended by striking the second sentence thereof and adding the following:

“Any temporary housing constructed or acquired under this title which the Administrator determines to be no longer needed for use under this title shall, unless transferred to the Department of Defense pursuant to section 306 hereof, or reported as excess to the Administrator of the General Services Administration pursuant to the Federal Property and Administrative Services Act of 1949, as amended, be sold as soon as practicable to the highest responsible bidder after public advertising, except that if one or more of such bidders is a veteran purchasing a dwelling unit for his own occupancy the sale of such unit shall be made to the highest responsible bidder who is a veteran so purchasing: *Provided*, That the Housing and Home Finance Administrator may reject any bid for less than two-thirds of the appraised value as determined by him: *Provided further*, That the housing may be sold at fair value (as determined by the Housing and Home Finance Administrator) to a public body for public use: *And provided further*, That the housing structures shall be sold for removal from the site, except that they may be sold for use on the site if the governing body of the locality has adopted a resolution approving use of such structures on the site.”

SEC. 807. Section 601 of the Housing Act of 1949 is hereby amended to read as follows:

“SEC. 601. The Housing and Home Finance Administrator and the head of each constituent agency of the Housing and Home Finance Agency is hereby authorized to establish such advisory committee or committees as each may deem necessary in carrying out any of his functions, powers, and duties under this or any other Act or authorization. Service as a member of any such committee shall not constitute any form of service, employment, or action within the provisions of sections 281, 283, 284, or 1914 of title 18, United States Code, or within the provisions of section 190 of the Revised Statutes (5 U. S. C. 99). Persons serving without compensation as members of any such committee may be paid transportation expenses and not to exceed \$25 per diem in lieu of subsistence, as authorized by section 5 of the Act of August 2, 1946 (5 U. S. C. 73b-2).”

SEC. 808. (a) Section 202 of the Act entitled “An Act relating to the construction of school facilities in areas affected by Federal activities, and for other purposes”, approved September 23, 1950, as amended, is hereby amended by adding the following new sentence at the end thereof: “In any case where such facilities are or have been

damaged or destroyed by fire or other casualty after they have become eligible for such transfer but before such transfer has been completed, the head of the Federal department or agency may assign or pay to such local educational agency, solely for use in repairing or reconstructing such facilities, all or any part of any insurance receipts in connection with such casualty which are payable or have been paid in consideration of premiums which such local educational agency has advanced for the benefit of the United States."

(b) The third sentence of section 401 (a) of title IV of the Housing Act of 1950, as amended, is hereby amended by striking out the word "made" and inserting the words "is approved by the Administrator".

SEC. 809. Notwithstanding the provisions of any other law, (1) the Housing and Home Finance Administrator is authorized and directed to sell to the University of California, at fair market value as determined by him, all of the properties, including land, comprising war housing projects CAL-4041 and 4042 known as Canyon Crest Homes located in Riverside County, California; (2) the Public Housing Commissioner is authorized to permit the Housing Authority of the City of Columbia, South Carolina, to sell to the University of South Carolina, at fair market value as determined by him, all of the property, including land, comprising the seventy-four unit housing project Numbered SC-2-5 known as University Terrace, located in Columbia, South Carolina, and to use, with the approval of the said Commissioner, the proceeds of such sale as a loan for the development of other low-rent housing in the city of Columbia, South Carolina, in replacement of said project Numbered SC-2-5, under terms and conditions which will be satisfactory to the Public Housing Commissioner and which will, in his opinion, protect the interest of the United States, and the annual contributions now contracted for in respect to project Numbered SC-2-5 shall continue to be available and may be contracted for in respect to such other low-rent housing; and (3) the Housing and Home Finance Administrator is authorized and directed to convey, without monetary consideration, to the Housing Authority of Saint Louis County, Missouri, all of the right, title, and interest of the United States in and to the one hundred and fifty-six housing units in public housing project Numbered MO-V-23153.

SEC. 810. Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN-6029, known as Westfield Heights, containing one hundred and thirty dwelling units on approximately twenty-three and nineteen one-hundredths acres of land in Wethersfield, Connecticut, and CONN-6125, known as Drum Hill Park, containing one hundred and twenty-five dwelling units on approximately fifty-two and thirty-three one-hundredths acres of land in Rocky Hill, Connecticut, to the housing authority of the town of Wethersfield, Connecticut, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and conditions as the Administrator shall determine: *Provided*, That full payment to the United States shall be required within a period of not to exceed thirty years with interest on unpaid balance at not to exceed 5 per centum per annum.

SEC. 811. The Housing and Home Finance Agency, including its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing under this or any other law shall exercise such powers, functions, or duties in such manner as, consistent with the require-

12 USC 1749.

Educational institutions.

Sale of property. University of California.

University of South Carolina.

Saint Louis County, Mo. Conveyance.

Wethersfield, Conn.

Payment.

Reduction of vulnerability to enemy attack.

ments thereof, will facilitate progress in the reduction of the vulnerability of congested urban areas to enemy attack.

Ante, p. 320.

SEC. 812. Title V of the Housing Act of 1949, as amended, is hereby amended as follows:

Funds for issuance of notes, etc.

(a) At the end of the first sentence of section 511 strike "\$8,500,000" and insert "\$100,000,000".

(b) In section 512, strike "\$170,000" and insert "\$2,000,000".

(c) In section 513, strike "\$850,000" and insert "\$10,000,000".

12 USC 1701j.
Repeal.

SEC. 813. Section 504 of the Housing Act of 1950, as amended, is hereby repealed.

RECORDS

SEC. 814. Every contract between the Housing and Home Finance Agency (or any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, or the Housing Act of 1949, as amended, shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent thereof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

Ante, p. 607.

Effective date.

APPLICANTS FOR ASSISTANCE REQUIRED TO SUBMIT SPECIFICATIONS

SEC. 815. Every contract for a loan, grant, or contribution under the United States Housing Act of 1937, as amended, or title I of the Housing Act of 1949, as amended, for the construction of a project shall require the submission of specifications with respect to such construction prior to the authorization for the award of the construction contract and the submission of data with respect to the acquisition of land prior to the authorization to acquire such land.

42 USC 1430.
12 USC 1701-
1706d.

AUDITS UNDER PUBLIC HOUSING ACT OF 1937; COMPTROLLER GENERAL

SEC. 816. Every contract for loans or annual contributions under the United States Housing Act of 1937, as amended, shall provide that the Public Housing Commissioner and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency entering into such contract that are pertinent to its operations with respect to financial assistance under the United States Housing Act of 1937, as amended.

40 USC 1430.

REPORT TO CONGRESS OF INFORMATION ON HOUSING

SEC. 817. The annual report made by the Housing and Home Finance Administrator to the President for submission to the Congress on all operations provided for by section 802 hereof shall contain pertinent information with respect to all projects for which any loan, contribution, or grant has been made by the Housing and Home Finance Agency, including the amount of loans, contributions and grants contracted for, and shall also contain pertinent information with respect to all builders' cost certifications required by section 227 of the National Housing Act, as amended, including information as to the amounts paid by mortgagors to mortgagees for application to the reduction of the principal obligations of the mortgages pursuant to that section. Ante. p. 642.

Ante. p. 607.

ACT CONTROLLING

SEC. 818. Insofar as the provisions of any other law are inconsistent with the provisions of this Act, the provisions of this Act shall be controlling.

SEPARABILITY

SEC. 819. Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances.

Approved August 2, 1954.

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